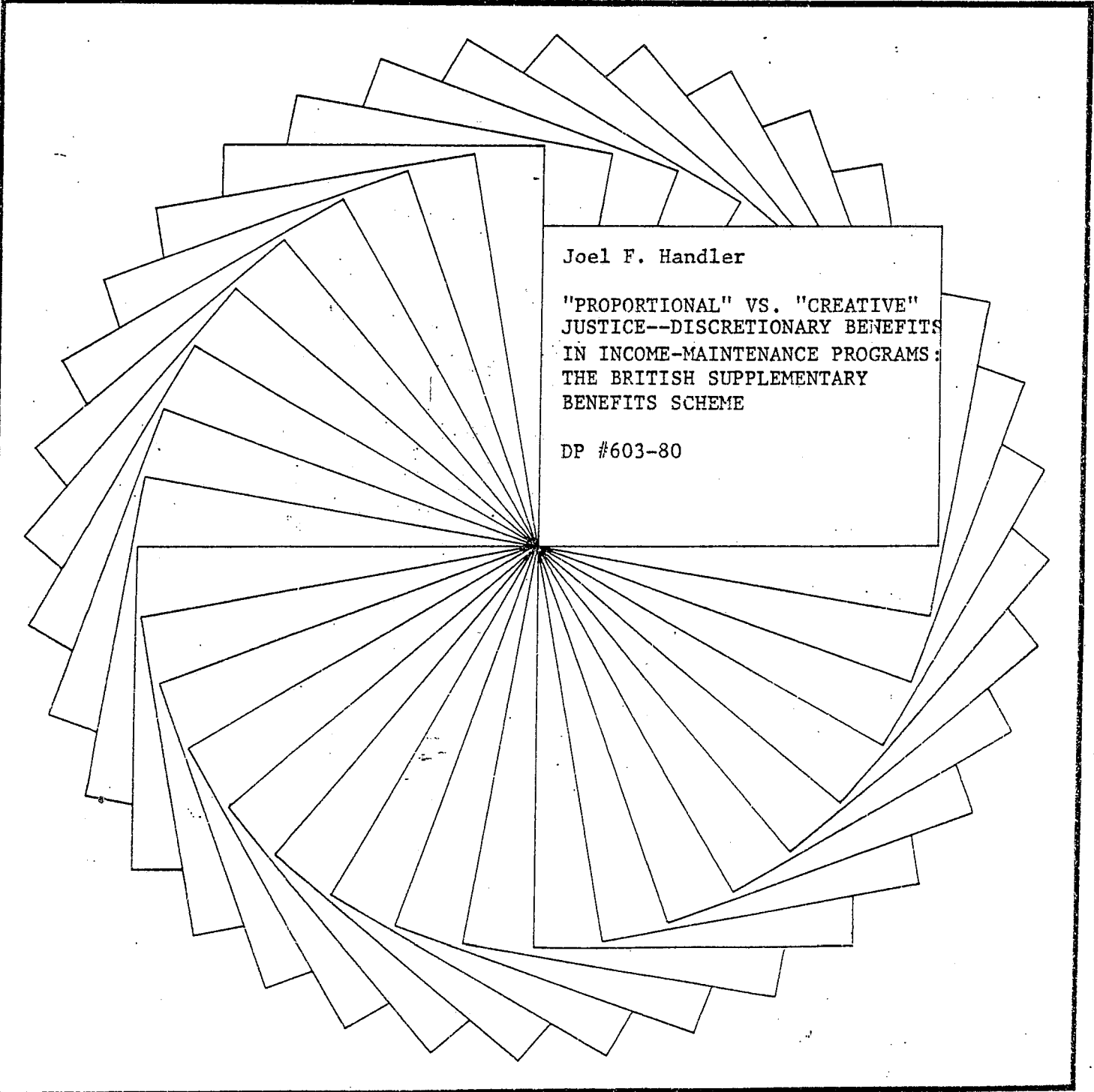




Institute for Research on Poverty

Discussion Papers



Joel F. Handler

"PROPORTIONAL" VS. "CREATIVE"
JUSTICE--DISCRETIONARY BENEFITS
IN INCOME-MAINTENANCE PROGRAMS:
THE BRITISH SUPPLEMENTARY
BENEFITS SCHEME

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"Proportional" vs. "Creative" Justice-- Discretionary Benefits
in Income-Maintenance Programs: The British
Supplementary Benefits Scheme

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ABSTRACT

How does a large-scale income-maintenance program resolve the conflict between meeting the individual needs of recipients and the need to achieve horizontal equity, reduce error and fraud, and control administrative costs? The rapid trend in America is to concentrate on the latter set of goals through the use of the consolidated or flat grant, but inevitably pressures arise in the "bottom-line" welfare program to meet needs arising out of emergencies and special circumstances. This paper examines the concepts and policies that lie behind the goals of individualized treatment and of routinization and uses, as a case study, the British income-maintenance program (the Supplementary Benefits Scheme) which has struggled for three decades to meet these competing demands. The fact that the Supplementary Benefits Scheme has had to be reformed periodically is a sign of success, not failure, contrary to British opinion. Somewhere, the income-maintenance package has to be able to respond to changes in social needs. The concluding section suggests ways in which discretion and individualized treatment can be planned for and incorporated into the income-maintenance scheme.

"Proportional" vs. "Creative" Justice-Discretionary Benefits
In Income-Maintenance Programs: The British
Supplementary Benefits Scheme

One of the more significant changes in the Aid to Families with Dependent Children (AFDC) programs in the United States has been the adoption of the consolidated or flat grant system in place of an individualized approach. The adoption of uniform treatment represents a sharp departure from traditional welfare theory and practice. Historically, relief of the poor was based on an assessment of individual need. The resources of the claimant fell below a minimum standard of living, previously agreed upon. The relief givers (first private, then public) determined the size of gap between the claimant's resources and the minimum standard and then, according to the generosity of the program, filled some or all of the difference in cash or in kind. Since claimants differed in terms of resources, family composition, and other needs (e.g., shelter costs), each claimant was treated individually. In theory, individualized treatment restored equity between claimants; after allowances were made for particular individual circumstances (such as higher shelter costs), varying amounts of relief were designed to bring each claimant up to the minimum standard of living.

In addition to meeting individual needs, there were other important historical reasons for individualized treatment. The failure to support oneself or one's family, unless caused by gross physical or mental defect, or some other catastrophe, has always been considered deviant behavior, and one of the most persistent policies in the administration of relief, which is very much alive today, has been reformation. At its core, reformation of those seeking relief has taken the form of efforts to coerce those potentially

able to work to do so; work tests have always been part of relief policy. Reformation of the poor has been defended on humanitarian grounds, to prevent the pauperization of the claimants. As welfare policy developed, other forms of rehabilitation also took hold. Again, it was assumed that failure to support oneself indicated that something was amiss in the claimant or the family, and that some kind of social services should be given so that the claimant and the family could eventually function independently. Social services ranged from simple help in family budgeting to elaborate health and mental health programs. A final reason for individualized treatment was concern about fraud or abuse on the part of the claimants.

The common thread is society's concern about the moral character of the welfare claimant, a concern that has been an extremely powerful force in shaping welfare policy and administration for hundreds of years, since moral or rehabilitative issues are specific to the claimant. The ability to work and the attempts to find work are individual matters, as are the rehabilitative needs and the honesty of the claimants. The determination of these matters requires individualized determinations. Welfare officials gather the necessary information, and make judgements as to whether the claimant qualifies for relief, how much relief, and under what conditions.

Given this long historical tradition, which is still very powerful today, what accounts for the drive to substitute the uniform, consolidated-grant system for individualized treatment? Consolidated-grant programs differ, but the basic idea is that claimants with roughly the same gross demographic characteristics (e.g., family size) would receive the same basic welfare grant, less income and other resources. There would be no individualized determination of need, although there usually are variations in terms of

whether the claimant lives in a part of the state where the cost of living is high (e.g., the larger urban areas). Usually some of the other conditions of traditional welfare also survive in the consolidated-grant programs. For example, there almost always will be a work test as well as rules dealing with unrelated adults (the "man-in-the-house") living with the claimant. But generally speaking other kinds of rehabilitation or social service programs are not included.

There are several reasons for the rise in popularity of the consolidated-grant system. An important cluster of reasons has to do with administrative considerations. Until recent times, individualized welfare programs were small, residual, "safety net" programs. In the early decades of this century, AFDC was given primarily to white widows; the big New Deal welfare programs were Social Security, work relief, and unemployment compensation. Over the years, the situation changed. AFDC grew into a massive, permanent program and welfare agencies became vast, swollen bureaucracies with understaffed, overworked, undertrained, field officials who, for the most part, leave the job after relatively short periods of time. The changes in the size of the programs and the characteristics of the bureaucracies figure prominently in the drive to adopt uniform, flat-grant programs. High case-loads alone will defeat an individualized treatment program. If the goals of equity, reformation, and rehabilitation are to be achieved, then field officials have to have the time and the will to investigate the facts and exercise judgment, and these commodities--time, resources, and desire--are in short supply in large welfare bureaucracies.

Results in these large agencies have been disastrous. There is a great deal of error in calculating need and the size of the grant; thus the

principle of equity is violated. Officials lack the capacity to investigate claims, and various amounts of welfare fraud and abuse are alleged and, from time to time, uncovered. For most claimants, there are no rehabilitative services. The work test and other punitive rules are only sporadically enforced; this encourages evasion on the part of claimants (why keep reporting to the employment service when it is a meaningless formality?) but also makes them vulnerable to arbitrary, unpredictable enforcement. From the administrative side, individualized treatment is costly, and it is virtually impossible to administer the laws uniformly or competently or in a relatively error-free fashion.

From the claimant's side, individualized treatment favors those who have the knowledge and ability to manipulate the system, those who can yell the loudest, or know how to fill out the forms, or present their claims, or otherwise work the bureaucracy. The ignorant, the weak, and the passive suffer the most.

In addition to these administrative considerations, other reasons for opposing the individualized treatment of claimants are based on different conceptions of the poor and their relation to society. Those who favor consolidated grants believe that being poor is not deviant behavior and that the poor are no different from the nonpoor, except that they lack command over a sufficient amount of resources to bring their standard of living up to minimally acceptable levels. Out of this basic conception, a number of propositions follow. The poor, like the nonpoor, are "rights-bearing" citizens. Rights-bearing citizens are entitled to receive uniform, impartial enforcement of the law and if government officials violate these principles, procedural remedies, including resort to the courts, are available to redress

these wrongs. In other words, welfare claimants have entitlements; they have legal rights to welfare. The concept of entitlements or legal rights is basically antithetical to a system of individualized discretionary determinations; it pushes, instead, towards clearly stated, uniform rules. If claimants satisfy certain basic eligibility conditions, they are entitled to specific amounts of relief.¹

If the poor are not deviant, are not basically different from the non-poor, and are rights-bearing citizens, they should not be subject to conditions that are not required of the nonpoor. Thus the rehabilitation and reformation parts of the welfare system also came under attack.² Social service programs, formerly tied to the giving of aid, were stripped away, although, as previously stated, work tests and man-in-the-house rules remained.

These two clusters of reasons--the administrative mess and cost, and the idea of entitlements--largely account for the rise in popularity of the consolidated grant. Consolidated grants vary in their flatness and inclusiveness, in the differentiation of the families, and the conditions of relief, but the model is a very simplified system with minimal conditions for eligibility, a uniform, basic grant depending on family size and location, and few other constraints. If the model is closely followed, then administrative costs and errors are reduced, problems of management supervision of field-level operation are lessened, and administration made much more amenable to simplification and computerization. From the claimant's perspective, rules are fewer and clearer; there are fewer discretionary determinations; and the amount of relief is known and received with much less trouble.

The consolidated-grant system thus seems to present an ideal solution for both welfare administrators and claimants; yet, on further reflection, and based on historical experience, it presents its own special problems. One basic problem which is the subject of this essay has to do with the principle of equity. A major point made in favor of the consolidated grant is that it satisfies what economists call "horizontal equity," by which they mean that similarly situated families are treated in the same way. All families of a certain size living in a certain location will receive the same amount of money, as compared to the old, individualized treatment where similarly situated families received different amounts of money.

This idea of horizontal equity, of course, is limited. Equal amounts of money result in horizontal equity only if claimants are similarly situated, but the similarity of the situation depends on what factors are included in assessing need. Factors can be gross, such as number of family members, or can be fine-tuned, taking into account differences in age, sex, health, shelter, mobility, and ability to function. The list of differences in so-called similarly situated families can always be expanded. Ultimately society decides what differences will be recognized and supported by the welfare system. The consolidated-grant model recognizes at least two different needs--family size and location--but conceivably a consolidated-grant system could ignore either or both differences. Other consolidated-grant systems presently in operation make further differentiations in terms of age or various family conditions, such as special health problems. The point is that in the real world, poor families are not alike; they have different needs, and there is no such thing as horizontal equity in any absolute or real sense. Horizontal equity depends solely on policy judgments

of what differences in need will be taken into account, and is always an implicit or explicit trade-off between administrative efficiency, claimant entitlements, and meeting needs.

In theory, the AFDC individualized assessment of needs would more nearly achieve horizontal equity than a consolidated grant. Individualized assessment is supposed to determine how far each family falls below the state's minimum standard; the AFDC grant then brings the family up to the uniform standards. Although that is the theory of individualized need determination, as proponents of the consolidated-grant system rightly point out, the AFDC system has rarely, if ever, achieved that goal. AFDC programs have become so complex, so cumbersome, and so full of errors and inefficiencies, that none of the goals of efficiency, entitlements, and equity has been attainable. The proponents of the consolidated grant admit that its notion of horizontal equity is a form of rough justice, but argue, and probably correctly, that rough justice is better than the great arbitrariness and inequalities produced when a welfare program tries to handle massive numbers of claimants under a system that aims to determine individual need.³

Whatever the merits for or against the consolidated grant, it is clear that the arguments in favor are carrying the day. Increasingly, states are converting to consolidated grants, or achieving similar results, by sharply reducing individualized components of their income-maintenance programs. This approach will reduce error and administrative costs. On the other hand, because the consolidated grant takes a fairly uniform approach, recognizing only few differences in need, families with differing needs will suffer under such a system, depending on the severity of their needs and the availability of other resources.

Special needs of poor families can be grouped into three clusters. Families will experience catastrophes such as fire, flood, theft, severe illness, or death. Other families will have long-term special problems (common examples are diabetes or other illnesses requiring special diets, or handicaps for which individuals may need special services, such as meals on wheels, laundry, or housekeeping). Generally speaking, most welfare systems, whether the AFDC individualized treatment, or the consolidated grant, do not cover these kinds of accidents or long-term special needs in the basic grant. They are considered exceptional expenses, for although they are common enough in society, they are uncommon for individual families. In many states, under traditional AFDC programs these special needs would be provided for. A claimant who suffered a fire or a death in the family, or had an appliance breakdown, or needed furniture or clothing replaced, would apply to the welfare office for extra money to meet the additional need. The same would be true for long-term special problems.

There are other kinds of special needs which are distinguishable from the above two categories. Certain families cannot cope on the basic welfare grant and run out of items that it is considered to cover: food, rent, utilities, and clothing. At the end of the month, such families may present themselves to the welfare office with a threatened eviction or a utility cut-off or without food or clothing. As with the other kinds of special needs, whether or not the family's needs for items normally covered by the welfare grant are met depends on whether the existing AFDC or consolidated-grant program has provisions for meeting these needs, or whether other systems of aid, such as private agencies or general assistance, are available.

The problem of special needs in the consolidated-grant system is important, then, because these needs exist in real life, and if they are not met, hardship will result. Yet, the consolidated-grant system, at least in its model form, does not recognize--or tries not to recognize--these needs. At the same time, the consolidated-grant system is usually the welfare program that is at or close to the bottom (the safety-net program) and is never very generous. What the consolidated-grant system experiences, then, are two strongly conflicting pressures. There is the pressure to make uniform rules, to reduce individualized treatment, to minimize discretion and administrative costs and errors and to improve monitoring and supervision. At the same time, individual needs exist among claimants, and there are varying amounts of pressure to meet these special needs to avoid undue hardship.

Although the experience of consolidated-grant programs in the United States is relatively recent, there already exists considerable evidence that the demands of special needs exert a powerful force on these programs, producing unforeseen consequences; that methods have to be devised to deal adequately and humanely with special needs but at the same time not throw away the advantages of the consolidated-grant reforms. In this context, the experience of Great Britain is relevant. The British have twice adopted a consolidated-grant system and now, for the third time, are in the process of overhauling their system because it became so warped by the pressures to meet special needs. From the British experience, we can gain some insight into how and why special needs arise, how they are met by the consolidated-grant welfare system, and what measures can be taken to better balance the conflicts between administrative efficiency and fairness and meeting individual

needs in a massive welfare system.

THE BRITISH WELFARE SYSTEM

The concept of the poor as deviant and thus requiring individualized determination of needs, reformation, and rehabilitation arose out of the social upheavals in Great Britain well before the Elizabethan Poor Laws, crossed the Atlantic with the colonists, and only now is being challenged in the United States by the adoption of the consolidated-grant reforms. In Great Britain, on the other hand, fundamental shifts in attitudes toward the poor and welfare policy grew out of the experience of World War II. As a result of the total war effort, the British Government re-examined its existing welfare policies; modern social welfare in Great Britain can now be dated from the publication of the Beveridge Report in 1942.⁴

The basic concept of the Beveridge Report was a national minimum floor of income below which no one would be allowed to fall no matter what the cause. The plan was universal in that, with few exceptions, it would apply to all persons regardless of income, and all would make insurance contributions. The disruption of earning power in the event of old age, sickness, or other vicissitudes would be guarded against by National Insurance. Family Allowances, payable for the second and subsequent children, would prevent the standard of living from falling as family size increased. For those not covered by National Insurance, the "safety net" or residual program would be Social Assistance, which was means-tested. There was also provision for a national health service.

The Family Allowance Act, enacted in 1945, was financed out of the national treasury without a needs test or insurance contribution. Benefits

were fixed below what was considered subsistence levels. It was thought undesirable to relieve parents of all financial responsibility for child rearing. The National Insurance Act, 1948, provided for loss or interruption of income for covered persons (employed, self-employed, and nonemployed) if the requisite number of contributions had been made and certain contingencies were met (i.e., unemployment, death, sickness, or old age). Both contributions and benefits were at flat rates regardless of income. There were also maternity grants for covered women. Fixing the level of National Insurance benefits proved to be a sticking point. Beveridge argued that benefits had to be paid, of right, at a subsistence level. However, the government decided that benefits had to be reasonably related to contributions, which meant that they were below the subsistence levels calculated by Beveridge. The National Insurance (Industrial Injuries) Act, 1946, covered loss of income caused by industrial injuries and diseases. It, too, was an insurance scheme; employers and employees paid into a common fund at flat rates. Benefits were paid for injury, disablement, or death.

National Assistance (1948), the predecessor of present Supplementary Benefits, was the residual or safety-net program designed to fill the gaps left by the various insurance schemes. It was means-tested, with benefits at a subsistence level. It replaced the various social assistance programs, including the Poor Law, with a nationwide, uniform scheme. The program was administered by the National Assistance Board. Any person over 16 was eligible for his or her dependents' needs, unless he was in full-time employment. National Assistance was primarily for those outside the insurance scheme--unsupported mothers, those who had exhausted or failed to qualify for insurance benefits--or those whose basic insurance grant was inadequate.

Assistance was normally given in cash at rates fixed by Parliament. National Assistance officers did, however, have discretion to give higher grants for individuals with special needs or exceptional circumstances.

This was the Social Security scheme set up in the post-World War II period, at the national level. Our concern is with the development of the residual or safety-net' program, National Assistance, which was later changed to the Supplementary Benefits scheme (SB). Before analyzing that program in detail, it is necessary to describe briefly the characteristics of the British Social Security as it matured, since the various parts of the major programs interact with each other and place constraints on the proposed reforms of Supplementary Benefits.

In The Economics of Social Security (1978), Leslie McClements summarized the Social Security sector in Great Britain.⁵ The total population of the country, 56 million, has remained relatively stable in recent years, but the age structure has been changing. Since 1961, the population over pension age has increased (from 14.5% to 16.8% in 1974) and is expected to rise to 17.4% in 1981 before leveling out. As we shall see, this group has been one of the most important factors contributing to the size of the Social Security sector, as well as the problems of Supplementary Benefits. McClements notes that the working population accounts for less than half (45.7%) of the total population. The total dependent population is about half children below school leaving age, and the other half--adults--are the aged, adults not in the labor force (mothers, the sick, disabled, and unemployed) and students in higher education.

The Social Security sector itself accounts for 10% of the total economy or 20% of the private sector. McClements thinks that this relative size is

not large, since roughly one-quarter of the population is dependent on Social Security benefits (16.8% pensioners, 5-10% of the rest of the population). In 1975, Social Security expenditures were £8,918 million, about 10% of national income. The main source of the receipts is from National Insurance contributions; the central government contributes about one-third from general revenues. Insurance benefits account for 72% of expenditures; Supplementary Benefits grants are the next largest expenditure (12%), followed by family allowances (6%), and other programs (e.g., war pensions).

The National Insurance scheme is large and complex. The most important beneficiaries, both in terms of numbers and expenditures, are the contributing pensioners. Until recently, benefits were paid at a flat rate, but under the Social Security Pensions Act, 1975, pensions became earnings-related; this should increase the size of large numbers of pensions; and the government hopes that when the scheme fully matures, in 1998, most pensioners will not also have to rely on SB to bring their incomes up to a subsistence level.⁶

Unemployment benefits are available to covered employees for up to 312 days, but can be withheld for up to 6 weeks if the claimant quits, was fired for cause, or refused without good cause suitable employment. The Unemployment scheme also has an earnings-related supplement, and various kinds of sickness, injury, and maternity benefits.

Supplementary Benefits (SB) is the next most important program; it will be discussed in detail below. Whereas most National Insurance benefits are contributory and only available for well-defined contingencies (e.g., retirement, sickness, unemployment), SB is not contingency-based; it requires a detailed means test. SB levels, called the scale rates, are set by

Parliament, and are generally regarded as the official poverty line in Great Britain. They are supposed to cover all normal living expenses, and they vary in terms of the size and composition of the family (there is a "man-in-the-house" rule, governing the joint resources of unmarried, cohabiting individuals). SB claimants are entitled to other social benefits, such as free prescriptions, various health services, and free school milk and meals. On the other hand, SB claimants are not entitled to various housing benefits such as rent rebates and allowances.

Two other programs of importance are the Family Income Supplement, which supplements family heads in full-time work (these benefits are taxed or "clawed back") and Child Benefits, which are paid for every resident child. There are also other small noncontributory programs, such as various war pensions and disability supplements.

THE PRESENT OPERATION OF THE SUPPLEMENTARY BENEFITS SCHEME⁷

The National Assistance program was amended in 1966. The name was changed to Supplementary Benefits in the hope of making the scheme more palatable to the largest number of claimants, the aged. The other major change was to introduce a legal entitlement to benefit and to try to reduce the number and amount of discretionary extra payments that had grown up under the National Assistance, by increasing the level of payments to the aged and those who had been on the program a long time. In the next section, the effort to reduce discretionary extras will be discussed in detail.

Composition of the Rolls

Despite the fact that both National Assistance and now Supplementary Benefits were originally thought to be a residual, means-tested program, it is increasingly recognized that SB will remain a large welfare program for the British for the foreseeable future. In 1966, about 2.5 million people claimed Supplementary Benefits; and this number rose another half-million by the beginning of 1978. Counting the dependents of claimants, SB supports about 5 million people.

In 1978, the distribution of SB recipients was as follows:⁸

Pensioners	1,736,000
Below pension age	1,281,000
Unemployed & registered for work	677,000
Single parents (not in other groups)	331,000
Sick and incapable of work	222,000
Widows with NI pension	23,000
Required at home to care for aged or sick relative	14,000
Others	13,000
Total	3,017,000

The latest government survey reports that about 20% of all retired people are also dependent on SB. About half of the unemployed and single parents, and about 20% of sick people who are receiving National Insurance or other benefits also receive SB benefits to bring them up to Britain's "poverty line."

Although the total number of people claiming SB remains high, the composition of the rolls has changed over time. Because of changes in National Insurance benefits and occupational pension coverage, the number of pensioners, widows, and disabled has been declining. Whether or not this trend continues depends upon the new earnings-related pension scheme. As noted, the government claims that when the scheme fully matures (around the turn of the century) most pensioners will have full earnings-related pensions based

on 20 years' earnings, which for most pensioners will be above SB levels; but others doubt the government's claim and think that pension levels for many will still be below SB levels. There have been other changes outside the SB scheme which may affect the composition of the number of aged claimants, such as new housing benefits, higher minimum standards for occupational pensions, and new noncontributory (but not means-tested) benefits for the very old; but in any event about 1.75 million pensioners will continue to need SB in the immediate future. Three-quarters of this group are women. Furthermore, the Department of Health and Social Services estimates that perhaps as many as 600,000 pensioners who are entitled to SB do not claim benefits.

The most significant change in the composition of the SB rolls has been caused by the rise in unemployment in Great Britain. In 1966, SB claimants who were unemployed numbered 179,000; by 1978 this had increased to 598,000, which is about half of the registered unemployed.⁹ Unemployment is not expected to be reduced significantly during the next few years; moreover, even if the economy does improve, it is doubtful whether many of those who are long-term unemployed and on SB will be able to find jobs. Most of the unemployed now dependent on SB do not qualify for unemployment insurance, receive lower benefits because of deficient contributions, or have exhausted their benefits, and the number in these situations is growing. This large pool of unemployed is very likely to remain a significant proportion of the SB rolls, primarily because it is simply too expensive to increase unemployment benefits so as to reduce dependence on SB significantly. The latest government report estimates that it would cost £70 million to extend unemployment benefits from one year to two, even counting administrative savings,

and that doing so would not reduce the number of unemployed on SB by even a third.¹⁰

Single parents are the next most important SB group. This group is growing, not only because of changing social trends, but also because of declining employment opportunities. Most of these claimants are unsupported wives, but the number of unwed mothers and single fathers with children is also rising. The government has taken a number of steps over the past few years to aid this group, such as increasing part-time earnings disregards. As with the unemployed, however, significant changes outside the SB scheme are too costly, and most single parents will continue to have to rely on SB.

In contrast to the above groups of claimants, the number of sick and disabled SB claimants who have previously worked is declining--it is claimed because of improvements in other parts of the Social Security system. At the present time, fewer than 10% of the sick and disabled on other benefits also need SB. The problem is quite different, however, for the sick and disabled who have never been in the labor market, and this group is growing. There are non-SB benefits for this group but the levels are below SB, and it would be too costly to raise them.

Other groups that receive SB are those who are required to stay at home and care for an aged or ill relative, widows (the number here has been declining), and students who claim benefits during vacations or between school-leaving and employment. Legislative changes have reduced the number of student claims during short holiday periods.

Every British Government since World War II has tried to reduce the number of people dependent on this means-tested program, but the costs of improving other parts of the Social Security system sufficiently to reduce SB

dependency are great. SB, in the foreseeable future, may therefore be expected to continue as a program of substantial size.¹¹

The Benefit Structure

The amount of benefits that an SB claimant receives is determined by the scale rates. The basic legislation says that the scale rates are to cover "normal requirements," other than rent, but does not specify the cost of living items they are considered to cover. Over the years, the administrative understanding has come to define normal requirements as "all normal needs which can be foreseen, including food, fuel, and light, the normal repair and replacement of clothing, household sundries (but not major items of bedding and furnishing) and provision for amenities such as newspapers, entertainments and television licenses."¹²

The thrust of the scale rates, ever since the enactment of National Assistance in 1948, has been to achieve horizontal equity, that is, to only roughly approximate needs between similarly situated claimants and to avoid the individual assessment of need. As noted, horizontal equity means equity within classes of claimants, and the SB scale rates differentiate in terms of marital and household status and age. In all, there are eight basic scale rates, including four age classifications for children.

In addition, there is a long-term rate and a short-term or ordinary rate. This distinction was introduced as part of the 1966 changes; a higher rate was to be paid for pensioners and nonaged claimants, who were not unemployed, and who had been on benefits for at least two years. This addition was originally designed to remove the growing number of discretionary additions for these classes of claimants, but it failed to achieve that

objective. Since then various theories have been advanced for its retention--e.g., that it was to give these classes of claimants a higher standard of living; and that after a considerable period of time, household equipment probably had to be replaced. The distinction between long-term and ordinary rates has remained. Long-term benefits are increased according to either wages or prices, whichever is more advantageous to claimants; short-term rates are related to prices. Since 1972, a significant gap has developed between the long- and short-term rates; it was only partially closed in 1976. The ordinary SB scale rates are below short-term National Insurance benefits, whereas the long-term SB scale rates are higher than the long-term National Insurance levels. In practice, SB rates are even higher than National Insurance benefits since shelter costs are calculated separately (Table 1).

How adequate are the rates? The original rates were based on the "basket of goods" calculation of a minimum standard of living, and then periodically increased. Since 1966, in general, SB rates have been increased in the same amounts as National Insurance rates. There is no agreement (here, as elsewhere) on what is adequate, although it is apparent that the SB scale rates are far from generous. On average, for a family of four, the SB income is about two-thirds the net income of the average male manual worker. Various household surveys have indicated that SB claimants are living on tight budgets, with "little cash to spare for non-essentials," have fewer durable goods than other lower-income families, and that for many, the scale rates are not sufficient to meet the "main requirements" of the claimants; for example, SB claimants, in general, were found to lack the minimum stock of clothing.¹³ The conclusion of a recent Government review was that "the rates are, for the average family, below generally accepted

Table 1

Rates of National Insurance Benefits and Supplementary Benefit Since 1966

	Single person				Married couple			
	National insurance		Supplementary benefit		National insurance		Supplementary benefit	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
	£	£	£	£	£	£	£	£
November 1966	4.00	4.00	4.05	4.50	6.50	6.50	6.65	7.10
October 1967	4.50	4.50	4.30	4.75	7.30	7.30	7.05	7.50
October 1968	4.50	4.50	4.55	5.05	7.30	7.30	7.45	7.95
November 1969	5.00	5.00	4.80	5.30	8.10	8.10	7.85	8.35
November 1970	5.00	5.00	5.20	5.70	8.10	8.10	8.50	9.00
September 1971	6.00	6.00	5.80	6.30	9.70	9.70	9.45	9.95
October 1972	6.75	6.75	6.55	7.15	10.90	10.90	10.65	11.25
October 1973	7.35	7.75	7.15	8.15	11.90	12.50	11.65	12.85
July 1974	8.60	10.00	8.40	10.40	13.90	16.00	13.65	16.35
April 1975	9.80	11.60	9.60	12.00	15.90	18.50	15.65	18.85
November 1975	11.10	13.30	10.90	13.70	18.00	21.20	17.75	21.55
November 1976	12.90	15.30	12.70	15.70	20.90	24.50	20.65	24.85
November 1977	14.70	17.50	14.50	17.90	23.80	28.00	23.55	28.35
November 1978	15.75	19.50	15.55	19.90	25.50	31.20	25.25	31.55

Source: Supplementary Benefits Commission, Annual Report, 1978, p.25.

Table 2
Weekly Scale Rates in Force During 1978

	From 14 November 1977		From 13 November 1978	
	£	£	£	£
	Ordinary	Long-term*	Ordinary	Long-term*
Married couple	23.55	28.35	25.25	31.55
Single householder	14.50	17.90	15.55	19.90
Other single person				
Aged 18 or over	11.60	14.35	12.45	15.95
Aged 16-17	8.90	-	9.55	-
Dependent children				
Aged 13-15		7.40		7.95
Aged 11-12		6.10		6.55
Aged 5-10		4.95		5.30
Under 5		4.10		4.40
<i>Blind rates</i>				
Married couple (one blind)	24.80	29.60	26.50	32.80
(both blind)	25.60	30.40	27.30	33.60
Single person aged 18 or over	15.75	19.15	16.80	21.15
Aged 16-17	9.80	-	10.45	-

*Where a claimant and/or his dependent wife is over 80 the long-term rates are increased by 25p.

Source: Supplementary Benefits Commission, Annual Report, 1978, p.25.

measures of low earnings and comparable means tested benefits."¹⁴

THE RISE OF DISCRETIONARY PAYMENTS IN THE SUPPLEMENTARY BENEFITS SCHEME

The above description of SB emphasizes horizontal equity, or uniformity within classes of claimants, rather than individualized treatment, and that has always been the guiding policy of the Supplementary Benefits Commission and its predecessor, the National Assistance Board. Interestingly, this was not Beveridge's original conception. Since he thought that National Assistance would be a small, "essentially subsidiary" scheme for those who somehow failed to qualify for the basic, universal insurance schemes, it would take "full account of individual circumstances."¹⁵ The enabling legislation reflected this view; although the primary function of National Assistance was uniform income maintenance, the Act also directed the Board to "exercise their functions in such a manner as shall best promote the welfare of the persons affected, that is, the welfare of the persons assisted and their dependents." The Board was given authority to grant additional money "where there are exceptional circumstances . . . as may be appropriate to take account of those circumstances."¹⁶ This was a grant of discretion to the Board to meet individual needs, but the Board, from the beginning, tried to discourage the use of this discretion. It felt that its primary responsibility was to meet the financial needs of 2 million or more claimants during any given year as efficiently as possible. Reflecting the changing attitude towards the poor in Great Britain, the Board clearly stated its assumptions that claimants are, in the main, competent to manage their own affairs and differ from other people only in that they lack sufficient resources. Thus

there was to be a minimum of individualized treatment.¹⁷

Nevertheless, despite Board policy, discretionary payments began to grow almost immediately.¹⁸ The individual grants were small and were for such things as extra milk and eggs, window cleaning, and similar items, but as early as 1948, more than a quarter of the total National Assistance claimants also had a weekly discretionary addition. Most of the additions were for laundry and domestic assistance (59%), or special diets (32%); heating accounted for only 2%.

The number of recipient units receiving weekly additions continued to grow. By 1965 the main items were fuel (30%), special diets (29%) and laundry and domestic help (35%). There was also a steady growth in the number of single payments for special needs. While the number of claimants doubled between 1948 and 1965, there was a threefold growth in the number of special need grants made, reaching a total of 345,000 per year.

When in 1966 National Assistance was changed to Supplementary Benefits, one of the purposes was to reduce the number of discretionary additions. For those on long-term rates (pensioners and claimants for over two years who were not unemployed), rates were raised through a standard long-term addition (LTA) designed to cover the first 45p (9s) of special needs. At that time, the LTA was roughly equivalent to the average amount of discretionary addition being granted, and amounted to approximately an 11% increase in the scale rate for single householders. As a result of this standard addition it was anticipated that any other discretionary additions would only be for "exceptional circumstances" (the statutory language was changed from "special circumstances"), at least for the long-term recipients.

In addition, the Supplementary Benefits Commission itself attempted to make more uniform and specific the circumstances under which discretion was to be exercised. The 1966 legislation and Commission policy emphasized entitlements and more uniformity of treatment. For example, minor items such as window cleaning were to be considered as covered by the basic scale rates and not to be granted as special needs. For items that were to be allowed--for example, special diets--the Commission fixed specific amounts. The basic idea was to eliminate the small items for both long- and short-term cases, and to tighten up administration for both long-term additions (e.g., special diets) or lump sum payments to replace furniture, bedding, clothing, and similar expenses. In terms of SB legal policy, after 1966, there was a growth in what is called "Commission discretion," that is, the SB Commission itself attempted to achieve greater uniformity by promulgating more and more rules to govern the exercise of field-level or "officer discretion."¹⁹

At first the 1966 changes were successful in reducing discretionary additions. The number of SB claimants receiving weekly additions, Exceptional Circumstances Additions (ECA), fell from 1,157,000 in 1965 to 594,000 in 1967 and continued to decline; but then the trend reversed and by 1976 the number of claimants receiving ECAs was 1,431,000 or 49% of all claimants.²⁰

ECAs are for a continuing expenditure for items either not considered covered by the scale rates (e.g., domestic assistance) or where additions have to be made for items which are included (e.g., heating). Generally speaking, the amount of the ECA grant is the actual cost. The SBC has tried to establish uniform rates for special diets and extra heating, but these can be varied with the individual case. There is an offset (deductible)

for ECAs, but some items are not subject to an offset, including heating, the most important ECA.

As noted, grants for extra heating accounted for two-thirds of the total ECAs in 1976. On the other hand, special diets, laundry, and domestic help have declined; this is probably due to the proportionate decline of pensioners on the SB rolls. "Other" items cover a wide spectrum and include such things as bus fare, storage charges, window cleaning, telephone, interest, and pocket money for children at special schools.

The rules governing heating additions specify the precise amount of the additions that can be made, as well as the criteria. Examples include: "mobility is restricted because of general frailty or advanced age"--70p (per week); "chronic ill health (e.g., chronic bronchitis, rheumatism, severe anaemia or chronic debility)"--70p; "housebound (or mobility . . . so restricted that [claimant] is unable to leave house unaided)"--£1.40. Extra heating additions can also be granted because of structural conditions in the home--for example, the house may be difficult to heat, or more expensive to heat because of central heating. Again, specific monetary amounts for grants are prescribed. Generally speaking, it is rare for the SB to give more than the prescribed amounts.²¹

The number of extra heating grants rose from 143,000 in 1968 to 1,546,000 in 1978; 86% of the grants went to pensioners.²² High as this may be, a recent study for the SBC estimates that as many as 75% of all SB pensioners are eligible for extra heating additions, and on that basis, the number of grants for extra heating additions should be much higher (see Table 3).

Table 3.

Exceptional Circumstances Additions (ECAs) on a Day in November/December 1968-78

Year	Extra heating	Special diet	Laundry	Domestic help	Hire purchase	Additions for mothers under 18	Others	Totals
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1968	143	239	92	33	NA	NA	33	540
1969	151	254	92	33	NA	2	34	566
1970	196	308	106	31	5	3	25	674
1971	194	287	93	29	4	3	27	637
1972	232	320	104	31	6	1	29	729
1973	503	362	158	22	5	*	38	1,088
1974	708	350	162	16	4	2	30	1,272
1975	915	327	150	12	5	4	29	1,442
1976 ^a	1,233	373	154	11	7	4	63	1,845
1977	1,456	367	141	22	7	3	56	2,053
1978	1,546	386	143	23	5	3	58	2,165

Source: SBC, Annual Report, 1978, p.128.

^aEstimates for unemployed cases are not available owing to industrial action. The figures shown are approximations.

*Under 500.

NA=Not available.

Since the scale rates include no specified amount for heating, there is no way of knowing what the extra heating allowance is "in addition to." An SB study found that 66% of the pensioners spent up to £2.50 per week on fuel, 28% between £2.40 and £4, and 6% over £4 per week. The conclusion of the study was that the average pensioner should spend about £3.50 per week on heating and that 60% of the pensioners were restricting the use of heating for financial reasons. Other studies show a wide range of amounts spent on heating, but because of the lack of a specified standard, it is difficult to conclude whether SB claimants are spending enough on fuel. The results of the studies indicate that SB claimants are experiencing difficulty in meeting heating costs, but that their expenditure patterns are generally similar to other households.

With special diets--the next largest ECA item--there are two rates. The higher rate, currently at £1.75 per week, is allowed for five specified illnesses (diabetes, peptic ulcer, cancer of the throat or larynx, ulcerative colitis, and respiratory tuberculosis) or rare conditions. The lower amount is available where a doctor has ordered extra or more expensive food not necessarily connected with a specific illness. Over the years, the number of special-diet ECAs went down during the period from 1974 to 1975 but then rose rapidly to 386,000 in 1978. There is no apparent reason for the decline or the subsequent rise.

Laundry expenses in excess of 10p per week are allowed "where illness, incontinence, disability, or infirmity makes it difficult or impossible for the claimant or his wife to do the washing or where there are no washing or drying facilities in the house." Laundry ECAs have declined from 162,000 in 1974 to 143,000 in 1978. The great proportion of these grants are made

to pensioners.

There are other ECAs--for domestic help, hire purchase payments (installment contracts), and a large category of "others."

ECAs are mostly given to those on the long-term rates. Sixty-six percent of all SB pensioners receive ECAs; about a third of the sick and disabled and of single-parent families also receive ECAs, as compared to fewer than 20% of the unemployed.

Table 4 shows the growth of lump sum payments--Exceptional Needs Payments (ENPs)--from 386,000 in 1967 to 1,199,000 in 1978.

Table 4
Exceptional Needs Payments (ENPs), 1968-78

Year	Number of ENPs (000)	Total cost of ENPs (£000)	Average amount (all cases) £
1968	470	2,742	5.80
1969	500	3,113	6.20
1970	560	3,853	6.88
1971	576	4,726	8.20
1972	743	7,093	9.54
1973	808	9,300	11.51
1974	830	11,504	13.85
1975	945	17,181	18.18
1976	1,114	24,023	21.56
1977	1,144	28,514	24.93
1978	1,199	35,973	30.01

Source: SBC, Annual Report, 1978, p.129.

Table 5 shows the main items for which ENPs were granted. The bulk of ENPs are concentrated on some four or five items (clothing and footwear, bedding, fuel, furniture, moving expenses and household repairs), but there

Table 5

ENPs Made, by Categories, 1975-78^a

Category of ENP item	1975			1977			1978		
	Multi- item ENPs ^b	Single- item ENPs	Average amount of single- item ENPs	Multi- item ENPs	Single- item ENPs	Average amount of single- item ENPs	Multi- item ENPs	Single- item ENPs	Average amount of single- item ENPs
	(000)	(000)	£	(000)	(000)	£	(000)	(000)	£
Clothing and footwear	61	319	15.52	70	331	19.59	74	318	22.24
Bedding	21	64	16.62	33	80	15.96	41	77	18.71
Fuel	*	48	22.66	*	18	24.96	*	12	33.84
Household furniture and/or other equipment	6	77	23.51	10	128	33.32	9	145	39.68
Moving expenses	*	28	19.82	1	31	27.72	1	27	29.27
Household repairs and/or redecorations	*	23	15.09	*	27	15.69	*	27	21.80
Others	*	33	12.48	*	43	20.27	-	47	25.49

^a Figures for 1976 are not available.

^b Numbers listed in the category for which most of the ENP was made.

* Under 500.

Source: SBC, Annual Report, 1978, p.130.

is a wide range of "other" such as cleaning, installation charges, rent arrears, and fares. Household repairs, especially for electrical appliances, are a frequent item. Although there are a great many ENPs, many are for small sums. The average amount of an ENP, in 1978, was £27.29.

Despite the fact that clothing and footwear are supposed to be covered by the scale rates, at least half of all ENPs were awarded for that purpose, and this has been true for the last ten years; in fact, the proportion of ENPs awarded for clothing continues to rise. Heaviest use for this purpose occurs in the beginning of the school year.

In contrast to clothing and footwear, bedding, furniture, and other household equipment are not considered to be within the scale rates. ENPs are granted to replace worn-out items or where new items are needed.

ENPs can be given to help with fuel debts where a person is entitled to, but not getting, a heating ECA, where money that was supposed to be spent on fuel was spent on more urgent needs, or where unexpectedly high bills were incurred because of an illness or prolonged severe weather. Since 1975 the number of ENPs for fuel bills has been decreasing, primarily because of the increasing use of vendor payments. That is, if a family has large arrears and is facing a cutoff, the SBC will make direct payments to the fuel authorities to pay part of the arrears and to cover current consumption (the estimates are made by the fuel authorities). The amounts directly paid are deducted from the basic grant. Direct payments to fuel boards were first introduced in 1976; by early 1978, they numbered 120,000.²³ The vendor payments prevent the cutoff, but at least in some cases (how many is in dispute) large deductions are made; these can result in more requests for ENPs for other needs or increased demands on other social welfare programs.

For other items for which ENPs are requested, the SBC can impose "voluntary" savings deductions and the money saved from the weekly allowance is eventually paid to the recipient in a lump sum for the special need. The number of such savings deductions has been rising, from about 2,000 in 1971 to about 120,000 in 1978; they have been used primarily for clothing. Whether and when to impose such plans on claimants is a discretionary decision, and it is normally used when claimants have repeatedly requested help for items considered to be within the scale rates. Although claimants might initially object, it is claimed that they welcome this form of budgeting. On the other hand, it is also claimed that once a savings deduction is in effect, the claimant is less likely to receive additional discretionary grants. Other ENPs include moving expenses, house repairs, and repairs for household equipment, particularly electrical appliances--these last are now becoming substantial.

Who receives ENPs? Although it is difficult to be precise, the SBC estimates that in 1975, of the 2.8 million recipients of SBCs, 39% received ECAs and 17% received one or more ENPs during that year. Generally speaking, the ECAs go to pensioners, and as stated previously, these mostly went for extra heating. The distribution of ENPs is quite different. In 1976, the SBC estimated that 288,000 ENPs went to pensioners, 362,000 to the unemployed, and 415,000 to others (sick and disabled, single parents, etc.) About one-third of those who received ENPs did so more than once. Single parents had the highest proportion receiving an ENP (48%), and they, more than any other category, needed more than one ENP.²⁴ For all categories of claimants, the highest probability of receiving an ENP occurred during the first year of benefits.

Neither ECAs or ENPs are very costly in terms of overall SB expenditures. During 1978, ENPs cost about £34 million, and ECAs £60 million (£45 million for heating alone), which overall is 6% of net SB expenditures.²⁵ Nevertheless, there are other costs to the present administration of discretionary benefits. In recent years, there has been a large increase in the number of administrative appeals, and during 1978 at least 45% of the appeals involved discretionary payment decisions. Both ECAs and ENPs are administratively intensive. It is estimated that ECAs use the time of about 600 field staff and ENPs require twice that amount out of a total staff of 31,500.²⁶ The proportion of staff time attributable to ECAs and ENPs is about 6% of the total SB staff time spent in local offices. Finally, as will be discussed below, there is considerable variation between offices and uneven take-up among claimants, raising problems of horizontal equity.

A number of explanations have been offered for the repeated and continued growth of ECAs and ENPs, including the rise of welfare rights and advocacy organizations which disseminated information and prosecuted administrative appeals. There was also an increase in the number of SB claimants, but this alone did not account for the increase in discretionary payments. Between 1968 and 1976, the number of SB claimants increased by 11% whereas the number of ENPs increased by 137%. There were changes in the characteristics of SB claimants (i.e., there were increasing numbers of unemployed) which would increase the number requesting ENPs, but have little effect on the rise of ECAs. But whatever the reason, by the mid 1970s Supplementary Benefits had come to resemble National Assistance, despite the 1966 changes which were designed to reverse the trend toward increased discretionary benefits.

In the next section, I will deal with the reaction to the situation in which the SB scheme found itself. A great deal of concern was felt by the Commission itself, and so it began a study of the place of discretion in the administration of the program. As part of the study, the Commission had its own Inspectorate investigate the use of discretionary powers.²⁷

Views were obtained from a large and comprehensive cross-section of the SB staff to find out where discretion was exercised, staff attitudes towards the use of discretion, factors taken into account in making decisions, and what changes, if any, should be made in discretionary powers. Interviews were held with more than half of the line, management, and regional staff from 24 local offices. Although the 24 offices were not randomly selected, and were located mainly in urban areas, there was considerable variation in the characteristics of the populations they served. The Inspectorate study concentrated mostly on the ENPs although consideration was also given to ECAs. Normally, records are kept only of grants made, not of those refused, but it was agreed that the local offices would keep a list of claimants who were denied requests during the two weeks prior to the Inspectorate visit. The interviewers were members of the Inspectorate staff, all of whom had extensive prior experience as local officers.

The impression of the Inspectorate was that most of the staff basically agreed with SBC policy, although most also had criticisms. Most of the staff said that the prime factor in making discretionary decisions was SBC policy, but that that policy was often expressed in vague, general terms. The impression gained was that the exercise of discretion was largely internal to the officer, his peers, and immediate supervisors. For example, the staff rarely consulted the SB guidelines on ENPs; it did so "only if there is

something unusual involved, e.g., funerals," Instead, they relied on either previous experience or discussions with colleagues in the office. They did not feel that they lacked adequate training. In most offices there were no local guidance or instructions to supplement the regulations and circulars issued by central headquarters. Nor was there any systematic supervision of discretionary decisions. Senior staff and supervisors relied on ad hoc contacts or the raising of issues by the line staff. The Inspectorate study team noted the general absence of exchange of information or attempts to agree on a common policy about specific matters and doubted that common standards and practices were in effect within the separate offices.²⁸

Outside factors, whether other agencies or pressure groups, were not considered important. While there was little direct contact with client groups, the staff was of the opinion that the clients had been in touch with such organizations and were well prepared in making demands. In addition, staff worried about the possibility of complaints from client groups; they tended to give way and make awards because they felt that the SBC would not back them if they denied or refused a claim.²⁹ Many of the staff expressed strong personal feelings about SB claimants. They were more sympathetic toward parents of young children and the elderly, and less sympathetic toward the unemployed.³⁰

As to the sample selection of discretionary decisions, the staff felt that discretion was involved in all but 15% of the grants approved and 20% of those denied. However, they would have liked less discretionary authority in about 25% of the cases, most of which involved requests for clothing. The interviewers independently assessed the correctness of the

sample decisions, and, in their view, disagreed with the decisions in only very few instances.

Most discretionary decisions involved ENPs. In general, the staff was not opposed to the principle of providing ENPs; they agreed that a "safety net" program had to be flexible, but they did object strongly to what they considered double payments of the scale rates simply because some claimants failed to budget properly. The staff did not feel that most requests for ENPs came from genuine need; it felt that because the vast majority of claimants were able to get along on the basic grant, the system worked unfairly. It rewarded those who "shouted the loudest." Compounding the difficulty, many of the staff were of the view that they lacked sufficient information to make discretionary decisions and often felt "conned."³¹

While staff themselves did not admit to feeling any pressure from outside groups, they did think that the SBC itself had, over the years, unduly responded to external pressure groups, to the extent that claimants no longer had to prove that they had an exceptional need; the burden was on the officer to prove a negative decision. The line officers thought that supervisory and top management were too responsive to pressure to reverse denials and that they "would receive no support from the . . . [SBC] to resist . . . demands."³² And they felt that some claimants, because of the influence of client organizations and some social workers, had come to believe that they were entitled to regular grants or additions to the scale rate benefits.

The great majority of the staff wanted to retain the ENPs but they also wanted them reduced drastically. Most wanted more detailed instructions (despite the fact that they failed to use the detailed heating instructions) and a strong emphasis, perhaps in the legislation, on what the scale rates

were supposed to cover. Thus ENPs would be implicitly excluded for those purposes. Those who proposed this solution, however, also expressed doubts concerning its long-term efficacy.

Most staff objected to other proposed reforms, such as deductions for future clothing needs; they regarded such deductions as ineffective and objected to assuming the responsibility. They also opposed periodic lump sum payments to all claimants in lieu of ENPs. Again they objected to the extra work, but also thought it was unnecessary, because most claimants were able to get along on the basic grants and did not ask for ENPs, and because it would tend to encourage irresponsible expenditures.

The Inspectorate found few problems with the administration of ECAs, in contrast to ENPs. Most staff felt that ECAs were made to people because of ill health or disability, that the facts were clear enough, and the expenditures justifiable and reasonable; in other words, ECAs met genuine needs and the staff liked meeting such needs. They favored continuing ECAs, although they also felt that the scale rates for the elderly should be raised to cover extra heating, which they regarded as no longer exceptional.

As for other hardship cases--e.g., lost or stolen money, or money not received--the staff thought that there was too much discretion and too much abuse on the part of claimants. The attitude of the staff was that claimants were no more or less at risk than the rest of the population, and that if emergency payments were required, deductions should be made from future benefits.

Discussions with central and regional officers revealed other areas of concern, mostly involving the relationship of SBC with other social welfare programs. For example, local SB offices were receiving the effects of

cutbacks in the Local Authority budgets. Another problem arose out of the efforts made by some local authorities to reduce their housing surpluses by offering young couples and single persons public housing; these people then requested ENPs for furniture and other household equipment.

Supervisory personnel felt that they had little influence in guiding the exercise of discretion at the local level. Apparently, there were norms against too much interference with local offices; in addition, there was a general lack of information or comprehensive statistics on the activity of the local offices.³³ In short, there was little quality control and training, especially since many of the officers at the higher management levels lacked sufficient knowledge of and experience with the local office work, and had to rely on the incomplete picture supplied by the statistical information of the local offices. Central and regional officers were of the opinion that the training of the staff was inadequate and that additional training plus more supervision and guidance was necessary.

They were also of the opinion that a large proportion of the claims could no longer be regarded as exceptional and were covered by the scale rates. Most had reservations about the lump sum payments as a regular practice. This group was especially insistent that lump sum payments should be restricted to truly exceptional circumstances, with the burden on the claimant to justify the request.

The evidence supplied by the Inspectorate confirmed what others had long suspected on the basis of impressionistic accounts and other smaller empirical studies: that despite increasing efforts on the part of the Commission to guide discretion by issuing more and more rules, large amounts of discretion continued to exist at the field level, with very unsatisfactory results.

Discretion was exercised in variable, contradictory ways. Administration had become too complex for both the staff and the clientele. Administrative costs and inefficiencies continued to rise, and there were problems with participation and equity, and complaints of secrecy and unfairness.³⁴

By 1976, there was general agreement that the Supplementary Benefits scheme had once again failed to reconcile the tasks of supplying income maintenance to large numbers of people in a uniform, consistent manner and at the same time exercising significant amounts of discretion for individual needs. Once again, major reforms were being called for, but the difference between 1966 and 1976 was that now, serious financial and political constraints reduced the available options.

REFORM PROPOSALS

Proposals for the reform of Supplementary Benefits came from a variety of sources. With David Donnison in the chair, the Supplementary Benefits Commission began to issue separate annual reports. The first report, in 1975, called attention to the problems of SB and invited public comment on what should be done. This was followed by a more detailed analysis of the issues, together with suggested remedies, in the 1976 report. Many groups and individuals responded to the SBC's invitation to offer criticisms and suggestions for the reform of SB. One of the most prominent was the Child Poverty Action Group, an organization composed of intellectuals, academics, professionals, and community people that had a long, active history in advocating causes for the poor.³⁵ I will discuss the CPAG position along with that other organizations and professionals later. A third source of suggestions was a special review team, established by the Department of Health

and Social Security Ministers to look at the Supplementary Benefits Scheme.

The Supplementary Benefits Commission

In its 1975 Annual Report, the Commission stated its basic principles or priorities and identified what it considered to be the main issues facing the reform of the scheme. The statement of principles was a reiteration of the philosophy that Great Britain adopted after World War II, namely, that the principal job of the program was to supply money for the poor and not individualized services. The Commission put the matter as follows:

Our first job is to ensure that people receive the incomes which Parliament laid down as their entitlement, leaving them as free as possible to spend this money in their own way. We should only be prepared to go beyond that and provide other services, such as shelter, help in finding jobs, payments for special needs and purposes, when it is clear that money alone will not fulfill our obligations. In such cases, we must beware of taking on tasks for which we are not well equipped. . . .

The ideal towards which we would like to see policies directed would be a world in which large social groups, such as pensioners, the disabled and students whose needs are in total reasonably predictable, rarely have to rely on a last-resort means-tested, labour-intensive service for their incomes. Households of average size should rarely have to turn to supplementary benefit when drawing contributory unemployment and sickness benefits. . . . In shorter term, if our scheme develops as we think it should, those who must continue to rely on it ought

to be able to discover, from a pamphlet which the great majority of people can readily understand, exactly what they are entitled to and in what kinds of circumstances--rare circumstances of fairly severe potential hardship--some discretionary extra payments may be available. [p.17]

The Commission then identified what it considered to be the main policy issues facing the scheme, and the first issue was the growing use of discretionary extra payments (p.11). This growth was of concern because it reintroduced far too much emphasis on moral judgments by officials than should be present in a broad income-maintenance program supposedly based on entitlements; it left claimants uncertain about what they were entitled to, it increased conflicts between claimants and officials, it unnecessarily politicized the program, it increased staff and administrative costs in a welfare program that was already too staff-intensive,³⁶ and it was very problematic, at best, that there was an equitable distribution of extra discretionary payments.

Related to the growth of discretionary extra payments was the second major issue--the growing complexity of the scheme. In an effort to try to treat exceptional cases uniformly, the Commission and the regional offices began issuing volumes of instructions to guide local or officer decision-making. The result has been a mass of complex, detailed instructions, together with frequent amendments and additions, which the SBC has considered unsuitable for publication, but which poverty groups and others have insisted be published. The SBC is constantly being charged with operating under "secret" law, and has been trying to revise the rules so that they are in publishable form. But simplification, of course, is not merely a matter of

form; it also involves substantive decisions--for example, reducing scale rate categories. Simplification, the Commission rightly warned, involves a trade-off between administrative efficiency and individual hardship.

Other problems identified by the Commission were the interaction between SB and other agencies and programs ("frontier" problems), especially social services, unemployment, housing, and education; the internal administrative appeals systems, and containing the high staff costs of the SB scheme.³⁷

In its 1976 Annual Report, the Commission reaffirmed the 1975 priorities and then addressed the major issues confronting the scheme. The first issue dealt with the adequacy of the scale rates. While acknowledging that the rates were quite low, and that many SB families were in hardship, the Commission felt that public opinion demanded that there be a gap between the scale rates and the general level of wages paid lower-skilled workers, and that it would be unreasonable to expect any substantial rise in the scale rates unless there was also a rise in the incomes for this class of worker. Given Britain's current economic position, improvements for families on low wages will be costly and "slow in coming" (pp.7-8).

Again, major attention focused on the rise of discretionary payments in the Supplementary Benefits scheme. According to the Commission, this trend eroded confidence in the scheme. The claimants lacked confidence in what they were entitled to, the staff in their ability to be even-handed, and the public in the fairness of the scheme. The Commission also noted that although the amount of total money spent on extra benefits was quite small, the adverse publicity was quite large and served to "distract public attention . . . from the more important question of the adequacy of the . . .

scales" (p.6). Finally, judging by the considerable rise in number of appeals, it was hard to say that claimants felt more satisfied than when discretionary payments were far less.

In framing proposals to deal with the rise in discretionary payments, the Commission set forth several principles. Despite the fact that discretionary decisions can be distinguished for analytic purposes, they are in fact interrelated within families. Thus, meeting the need for an extra pair of shoes (an emergency need payment) can affect the need for a family to get an Exceptional Circumstances Addition for a heating addition, or to request the direct payment of the fuel or rent bills. Therefore, all of the discretionary payment provisions had to be considered as a whole in an effort to formulate consistent policies. The second principle was that any future changes could not increase burdens on the already overburdened SB staff. It had largely been through increases in staff that the scheme had been able to cope with the steady growth in discretionary payments, but this option was no longer available; in fact, it was very likely that the scheme would have to get along with fewer staff in the future.

The third principle was that any new arrangement not only satisfy the demands of clearly stated entitlements, but that it "will achieve a new and lasting equilibrium which will not be constantly eroded by the growth of new discretionary benefits and fresh complications in the future" (p.12). The Commission viewed with dismay the record of discretionary payments since World War II and took it as a mark of failure that every decade the scheme had to be revamped to deal with what it regarded as the inordinate rise of discretionary additions. It hoped that this time discretionary additions could be controlled so that the agreed-upon balance between the primary

obligation of the scheme to provide basic income maintenance in an efficient and fair method and the need for some amount of discretion in a safety-net program could be maintained. "[A] major problem for the future will be how to prevent previous history from repeating itself again" (p.13).

Anticipating charges of being "hard-nosed," the Commission defended its position in the following terms:

Those proposals [discussed below] may suggest that we are abandoning what is sometimes called the "welfare function" of the Commission. The idea that "discretion" is equated to "welfare" is an error. Our responsibility for the welfare of claimants is not an additional function over and above our responsibilities for getting them the money to which they are entitled. We have one overriding function--the prevention of poverty--and we must get money to people in ways which protect their welfare. That means that we and the staff of the service must treat the public with courtesy, be alert to explain their rights to people, do our best to understand people who will sometimes be inarticulate, grief-stricken or hostile, help people to explain their needs, resources and circumstances to us, and never humiliate them or destroy their self-respect. So far as time and knowledge permit, we must also try to advise them about the help they may secure from other services. If the burden of discretionary payments can be reduced, we hope that there will be more time, not less, to devote to the welfare of claimants. [p.116]

As to specific suggestions, the first task, according to the Commission, was to make clear what the scale rates were intended to cover and what they were not. Food, clothing (including replacement), fuel, household sundries, and normal travel should be covered by the rates, but not major items of furniture, appliances, or furnishings. In addition, in considering items not covered by the scale rates (and therefore available for discretionary payments), the Commission would distinguish between a recently unemployed claimant (who presumably would not need to replace items not covered by the scale rates) and a long-term unsupported mother with little or no prospect of employment.

For items outside of the scale rates, procedures could be simplified. For instance, rules requiring the submission of estimates for ENPs could be eliminated; claimants could be given lump-sum payments and allowed to make their own deals. For items that are supposed to be covered by the scale rates, the Commission would tighten up discretion considerably and allow exceptions only "in the exceedingly rare cases of 'fire and flood' and similar disasters" (pp.13-14). But what about families who still could not cope, who found themselves without food or clothing at the end of the week or faced a utility cut-off or an eviction? This, of course, as the Commission recognized, was the heart of the dilemma. The Commission had no specific answer to this problem but offered the suggestion that all claimants be entitled to a periodic lump-sum payment at regular intervals (e.g., once every six months) and that under normal circumstances, they would be required to wait until the lump-sum was payable; but "where life or health are endangered," they would be permitted to draw against the amount that was held in their account. If claimants went off SB, they would also be entitled

to take with them what was left in their "savings." The Commission said that it would be willing to consider this scheme only on the condition that the majority of ENPs and perhaps most of the ECAs were abolished.

This was the only concrete suggestion that the Commission offered in the 1976 Report. It considered other suggestions but rejected them. For example, one method for limiting the growth of discretionary payments would be to limit them by law--either for particular categories of claimants or particular items--but the Commission felt that this would be a contradiction of the basic idea of discretion, which is to allow for unforeseen circumstances, and that real hardship could result from such an approach. Another suggestion was to put a ceiling on the total amount of money that could be spent for discretionary payments, with some provision for major community-wide disasters. This approach would require the setting of priorities, perhaps on a year-to-year basis, for the available money; mechanisms would have to be found to ensure that the available money would be equitably shared among the local offices and that the criteria for establishing priorities were arrived at in a rational manner.

The 1976 Report touched on other items that affected discretionary payments. On the "frontier," it recommended that the government develop a simplified income-related housing subsidy to replace the complicated, staff-intensive rent calculations currently used by the SBC. This would also get 340,000 claimants off the SBC rolls (p.117). In the meantime, the Commission noted that direct payments to landlords were increasing rapidly. In most situations, these arrangements were made at the request of the tenants; furthermore, tenants rarely asked to have the arrangements discontinued. However, the Commission felt that it could continue this service

which "amounts to a massive and complicated banking operation."³⁸

The Commission also noted the impact of other services on its problems. Many local authority departments, faced with short budgets, had been cutting back benefits, such as transportation grants and clothing grants for needy students or grants to redecorate apartments, were increasing charges for services such as home help, and were referring their clientele to the SBC. These kinds of claimants were proving to be extremely burdensome to the SB, which not only had to attempt to deal with need, but also spend time negotiating with the referring agency over where responsibility was lodged. In 1976, the SBC had over 50 "special welfare officers" to deal with SB claimants who could not cope, and many of these were caught in agency jurisdictional conflicts.

In framing the issues, the Commission's fundamental point was that in any large welfare program there is a basic contradiction between a system of entitlements and large amounts of discretion and concomitant complexity; that in order for entitlements to work there has to be a simple and clear explanation of what the system is about and what people are entitled to, and that they must be treated in a fair, equitable, and courteous manner. Perhaps as many as a million people, including 600,000 of the aged, fail to take advantage of the benefits that are now offered. This principle of entitlement and its relationship to the issues of discretion and complexity was stressed throughout the 1976 Report and was, in turn, based on the fundamental reconception of the nature of poverty that stemmed from the Beveridge Report, namely that the vast majority of the poor were rights-bearing citizens who lacked money only, and that extensive individualized treatment was in practice inconsistent with clearly stated rights and fair

and efficient treatment. The SBC, under the persistent prodding of Donnison, posed the issue in terms of hard choice between "creative justice" and "proportional justice." The former is the individualized discretionary system; the latter stresses uniformity, horizontal equity. Donnison insisted that only the latter was the proper choice in a large-scale income-maintenance program.³⁹

The 1975 Annual Report was unique in calling attention to the issues in the SB scheme, and the Government established a special Review Team to consider the issues. In the meantime, as intended, the Annual Report stimulated a wide range of comment.⁴⁰

The Child Poverty Action Group and Other Commentators

The most comprehensive review of the issues raised by the Supplementary Benefits Commission appeared in evidence submitted to the Government's Review Team by the Child Poverty Action Group (CPAG), probably the most important advocate for the poor in Great Britain today.⁴¹

CPAG first addressed the question of discretionary payments and emphasized that despite the rise in volume, there was considerable evidence that many claimants who needed help through this route were not getting it.⁴² In other words, the system was not only unfair, it was also seriously inadequate. Much of the problem was due to the fact that the system relied on client initiatives, and clients either lacked the necessary information or the advocacy resources to pursue the claim. CPAG recommended that reliance on client initiative be abandoned and that the Commission adopt a much more positive role in making sure that claimants who do have exceptional needs receive the necessary assistance; but how the Commission was to do this

was not spelled out.

On the issue of the proper role of discretion, the major task, according to CPAG, was to chart the boundaries between statutory entitlements and discretion. It agreed with the Commission that exceptional needs should not cover items normally covered by the scale rates and should be reserved for "truly exceptional circumstances." It also believed that because ENPs and ECAs had been used so extensively to cover normal scale-rate items, the entitlement-discretionary line had been undermined. The reason for this development, according to CPAG, was clear--the scale rates were too low for people to meet their ordinary needs. Meeting the unmet need produced by the low scale rates through discretionary payments constituted a rationing system; reducing discretionary payments to cover items not within the scale rates would mean less resources to ration, and further hardship for claimants. The reduction in discretionary payments should only be made if there were an increase in money of right. CPAG acknowledged that if increases in the scale rates were not to result in putting more people on the means-tested program, there would have to be increases in the Social Security benefit rates as well as help to the working poor.

Even if the scale rates were raised and the problem of discretion lessened, there would still be need for the exercise of discretion in the safety-net program. How should that discretion be exercised? The Commission posed the issue as the choice between "creative justice" and "proportional justice." CPAG argued that the issue was not a choice, but rather an appropriate balance between creative and proportional justice. It suggested that the first line be drawn between items normally covered by the scale rates and those not covered, and then, with the latter, that

there are many items that could be made subject to more uniform treatment, such as essential items of furniture, appliances, and special diets. If it were impractical to specify in advance monetary amounts, then at least entitlements could be made clear, and the amounts left discretionary.

Creative justice should be available for "those individuals' needs which it is impossible to predict and lay down rules in advance."⁴³ The problem, as all agreed, was establishing a sensible, flexible scheme when large numbers of people might be involved; inevitably pressures for proportional justice would arise. Thus, controlling creative justice would always be a problem as long as scale rates remained low.

CPAG thought that the Commission's idea of a periodic lump sum payment, which would most probably be used for clothing and shoes (the most significant ENP items), was clearly worth exploring, but that there were dangers. Along with similar kinds of "voluntary savings" for fuel, it could be used as an excuse for not raising scale rates, and would make it even harder for families to meet their basic needs. Examples were given where voluntary savings deductions were quite high for some families, particularly for those with high fuel costs.⁴⁴ Other problems under present voluntary savings plans were that claimants sometimes had difficulty in finding out how much was in their account or in withdrawing it for the items they thought they needed, although CPAG conceded that some restrictions have to be made on withdrawals. In addition, if the periodic lump-sum system were instituted to cover certain items, such as clothing and shoes, then claimant requests for ENPs for other items should not be automatically denied because of the availability of the lump sum. CPAG noted that under the present system, requests for an ENP were often denied because the claimant had previously

received an ENP for another item.

With regard to discretionary payments for heating, CPAG noted with approval the Commission's policies concerning the aged; heating grants had risen sharply for this group, primarily because of outreach efforts and also more liberal criteria, such as frailty or illness. On the other hand, far fewer grants had been made to the sick and disabled and to mothers with young children; the Commission was criticized here. CPAG recommended that more effort be made for these groups, and noted that the most applicable criteria for mothers with young children (difficult-to-heat accommodations) had been the hardest to satisfy.

Despite the increase in discretionary grants for heating, CPAG noted, fuel debts were continuing to mount for SB claimants. They could not meet fuel costs out of the basic grants, and, the SBC was reported to be increasingly restrictive in granting ENPs to clear fuel debts. In addition, CPAG claimed weekly deductions to pay off fuel debts (and thus to avoid cut-offs) were often far too high and difficult to renegotiate even though claimants reduced consumption. Although there is no official, specific, agreed-upon amount in the scale rates for heating, the Commission has an informal "notional fuel element" calculation of reasonable fuel costs which it calculates when rents are inclusive of heat and utilities. The amounts (in 1979) are £2.80 per week for heating and hot water and 40p for light and cooking fuel. CPAG argued that the calculation was far too low and must vary according to family size, and that if the scale rates were revised to reflect fuel costs more accurately, the need for extra heating additions would decrease. For heating additions that are required, CPAG urged much more flexibility on the part of the SBC in the amount of deductions, the

granting of ENPs to clear fuel debts, and the renegotiations of deductions.

Turning to the scale rates, CPAG argued for a "significant" increase, laid great emphasis on the inadequacy of the children's rates, and reviewed a considerable body of empirical research concluding that families with children were in difficulty. The rates set for children were not only inadequate, but also failed to reflect adequately the increases in costs as children grow older; costs are especially high for older teenagers. CPAG was, therefore, dismayed by the Commission suggestion that in efforts to simplify the scheme, there eventually be only one scale rate for children. Since it would be unlikely that the rates for the younger children would be raised to meet the needs of the older children, the latter would have even fewer of their needs met.

CPAG recognized that the original justification for the long-term scale rate probably no longer held good, but it was still in favor of keeping the distinction, on the ground that people on SB for a long period of time were likely to have more needs than short-term claimants. On the other hand, it saw no justification for denying the higher long-term rate to the unemployed. And the time period for the long-term rate should be shortened from two years to one year, or preferably six months.

CPAG had a number of other recommendations, but its general approach was to avoid wholesale simplification of the scheme and a reduction of discretion and the "welfare" function, unless much more consideration be given to avoiding hardship. For example, although it tended to agree with the Commission that the education authorities were often remiss in not awarding uniforms, sports kits, and fare grants to needy children, it opposed too hard a line on the part of the Commission until jurisdictional responsibilities

were clearly worked out.⁴⁵ There should also be improvements in methods of handling direct rent payments, as well as other "frontier" problems.

Other critics of the SBC generally followed the CPAG analysis and position. They acknowledged that the discretionary system worked badly, not only for the reasons given by the SBC but also because of the lack of outreach efforts by the Commission itself.⁴⁶ It was pointed out by David Bull that the Commission was attempting to ration discretionary grants further by changing the statutory term "exceptional" into "essential" (that is, the item requested had to be "essential") and adding further restrictions based on equity principles. The SBC was worried about making a grant for a washing machine to one family, which may be essential to that family, when similarly situated families do not have washing machines. There was no doubt that the Commission, and particularly Donnison, was concerned about the political controversies that arose out of the discretionary system; Donnison especially kept referring to negative public attitudes in speeches and published articles, but Bull, and others, argued that, given the low scale rates, uniformity and evenhandedness could go too far and result in real hardship for a great many people. It would be counter-productive for the system to become so inflexible that it could not respond to exceptional circumstances. There had to be room for creative or individualized justice, especially for items not contemplated by the scale rates.

Bill Jordan, another outspoken critic of the SBC, agreed that a discretionary system was unsatisfactory, but nevertheless maintained that because SB was designed to meet the needs of the poorest in society it had to have sufficient resources to meet unexpected circumstances. In fact, this was the principal function of the SBC, but instead of trying to improve

its capacity to be flexible, under the leadership of David Donnison it was rapidly moving in the opposite direction. There had been an increasing development of complex, detailed rules; and large district offices were increasing, along with the use of the postal system for payment, the requirement of appointments for face-to-face contact, and the refusal to pay cash over the counter. The result was a large, cumbersome, inflexible system geared most efficiently to serve the long-term claimant with relatively fixed needs. The SBC, if present trends continued, would become increasingly less responsive to the poor who are in and out of employment, who have young children, who have no permanent accommodations, and who suffer sudden misfortunes--in short, those with short-term, changing needs, who comprise a substantial part of the poverty population. For these people, short-term, flexible discretionary payments are an absolute necessity, Jordan argued.⁴⁷

The DHSS Review

In July, 1978, the Department of Health and Social Security Ministers published a report of the special Review Team, suggesting ways to cure the Supplementary Benefits scheme.⁴⁸ In approaching its task, the Review Team decided that it would be unrealistic to consider proposals that would involve major, costly additions either for benefits to claimants or for increases in staff; the Team's job was to make recommendations within roughly existing resources. An additional constraint had to do with the size of the program. Although originally conceived as a relatively minor residual program, which would have been capable of handling individual circumstances, the SB scheme has grown into a massive income-maintenance program. The Review Team

indicated that very large additional expenditures would be required to reduce the size of the program in any significant manner; accordingly, it assumed that for the foreseeable future the scheme would have to continue to handle millions of claimants.

Within these constraints, the Review Team addressed six major issues. They were (1) simplification of the program, to include, primarily, fewer categories or rates and a simpler means test; (2) reduction of discretionary payments to "the sphere for which they are really appropriate;" (3) a clearer legal structure, including more precisely defined legislation and regulations, and an improved administrative appeals system; (4) housing costs; (5) more equal treatment of married women; and (6) clearer definitions of responsibilities between the SBC and other benefit programs.

The legal structure of SB was designed for a small, flexible program. The basic legislation is stated in the broadest possible terms--for example, lump-sum payments can be made if "reasonable in all the circumstances"--combined with flexible administration. The only matters Parliament reserved for itself were the scale rates and rules governing the treatment of other resources of the claimant; the SBC decides who is entitled to benefits, how much, and the terms and conditions for discretionary exceptional circumstances. Over the years, the SBC has attempted to lay down guidelines for the staff, and these guidelines have increasingly taken on the character of more specific rules (that is there has been a shift from field-level, or "officer discretion," to "commission discretion") but considerable leeway still exists at the local offices. Counterbalancing this trend toward centralized rule-making has been the growing importance of the appeals tribunals, the internal administrative appeal system. There are broad rights

of appeal, and the tribunals are, in effect, free to make a complete re-determination of the case; they are not bound in any way by the decision at the local office, nor by SBC policy statements or guidelines to the local staff, but by the legislation and official regulations. The appeals tribunals, and to a lesser extent the reviewing courts, will, in time, usurp the policymaking functions of the SBC as case law and precedent start to build up. The existence of this wide discretion, and especially that of the appeals tribunals, creates growing inequities in the distribution of additional grants.

As a first step, then, the Review Team recommended that the legal structure should state more precisely the conditions of eligibility; the detailed rules could be set out in regulations which would be binding on the local officers and the appeals tribunals, or in a code of practice to which appeals tribunals would be required to refer. For example, there are a lot of rules about starting and leaving work which are discretionary; they could be spelled out in the regulations or a code of practice. A certain amount of discretion would have to be retained, especially for unforeseen circumstances, but there, distinctions should be made between dealing with individual cases and issues of policy that would apply to broader categories of cases.⁴⁹ Along with a clearer legal structure, the Review Team emphasized, in order to make entitlements effective there had to be improved communication, and people had to be made aware of their rights. The two reforms are closely tied; it makes little sense to publicize either vague or overcomplex rules.

Simplification is not merely a technical chore; it involves making substantive choices, particularly in the trade-off between individualized

treatment and rough justice. The Review Team did have proposals for simplifying the basic scheme. They included some modifications in eligibility (a general tightening-up for regulations governing school-leavers, immigrants, and the aggregation of resources of people living together), an improvement in the rates for families with children, and a better alignment of SB with national insurance rates, simplification of procedures for short-term claimants and of the treatment of resources. Proposals to simplify the rate structure could, however, be very costly (including the cost of additional claimants, if the scale rates were to be increased); or, if overall costs were to be maintained, then there would be too many losers.

Turning to the issue of discretionary payments, the Team noted the three sources of grievances previously mentioned: officers were upset about the apparent inequities since they had no way of knowing whether the money was going to those who were in most need or was helping to solve rather than exacerbate problems. Claimants were confused about eligibility, and perceived the system as arbitrary and discriminatory, public resented the idea that SB would provide items to welfare recipients which similarly situated working people could not afford. The basic problem, in the view of the Review Team, started with the scale rates--since the rates do not define "normal" requirements, it is difficult to know what "exceptional" circumstances are; accordingly, some effort at definition, even if in general terms, should be made in the legislation.

The Review Team believed that it would be too costly to abolish the distinction between long- and short-term rates, but that the only rationale for the former was that they provided claimants with a higher standard of living. It suggested, as one option, a sharp reduction in ENPs for this

group, especially for items that were supposed to be covered by the scale rates. The heating additions presented the major problem. The Review Team spelled out a number of alternatives, but rejected consolidation of the various heating additions into one amount that would be incorporated into the scale rates for all claimants. This would be costly, although the extra cost would be less if such a policy were considered for the aged and families with young children only. The Team rejected the view that heating should be treated like rent, that is, payment of the full costs by the SBC. This could encourage excessive consumption, and there were great difficulties in establishing a "reasonable" level of heating costs for each claimant and each dwelling. However, the criteria or qualifying conditions for heating grants could be simplified and made clearer. For example, the claimant might be bedfast or restricted to the home, or suffering from specific illnesses. In addition, the number of different rates for heating additions might be reduced, even though this would increase costs. Regardless of these changes, the Review Team acknowledged that heating would continue to be a major problem for SB claimants as well as for people with low incomes. Given present constraints, however, they believed that there was very little that could be done within the SB scheme to alleviate heating problems. They believed that the demand for direct payments to fuel boards on the part of claimants would increase, for justifiable reasons, "but this is not a service the supplementary benefits scheme could cope with on any larger scale."⁵⁰

For ECAs other than heating, the Review Team recommended both cutting back (e.g., on allowances for special diets, or laundry) and specifying the criteria in regulations or an administrative code. The ENPs for items not normally covered by the scale rates mostly paid for (1) furniture, household

equipment, and bedding; (2) repairs and redecoration; (3) moving; (4) maternity requirements; (5) fares, e.g., to visit relatives in hospitals; and (6) funeral expenses. There was no recommendation to cut back on these items since they are unexpected, infrequent, and often substantial, but again, the Review Team wanted to see the criteria set out in regulations or a code.

The thorny issue was that of ENPs for items supposed to be covered by the scale rates. The Review Team rejected the idea that these ENPs could be eliminated altogether on the ground that too much hardship would result, and was attracted to the idea of a lump sum, with advance payments and deductions. Special welfare officers would be assigned to those families who made repeated advance withdrawals or who still could not manage.

The approach of the Review Team was to try to specify in advance, as much as possible, the terms, conditions, and amounts of discretionary additions. It then addressed the question of whether officers should still have discretion to go beyond what was provided in the regulations or the administrative code. It concluded that such discretion should exist, that it was unwise to try to specify in advance all contingencies, but that this discretion ought to be subject to general guidelines, for instance, that "the need must be essential and the award necessary to avoid hardship, the amount of the award being limited to the amount which is essential,"⁵¹ but there should be periodic review, especially if awards exceeded certain amounts.

The Review Team had other recommendations, but these were the principal ones dealing with discretion.

REACTIONS TO THE DHSS REVIEW AND THE REFORM OF THE SUPPLEMENTARY BENEFITS SCHEME

Predictably, initial responses to the report of the Review Team either praised it for being more comprehensive than previous studies, or criticized it on familiar lines--the scale rates were too low and the proposed tightening of discretionary grants would under current circumstances cause too much hardship.⁵² Two of the more comprehensive and thoughtful criticisms came from the Child Poverty Action Group (Ruth Lister, "The No-Cost No-Benefit Review") and from David Bull, "Open Government and the Review of Supplementary Benefits."

The major criticism of both authors was the Review Team's decision to adopt the no-cost, "realistic" approach to the reform of the scheme. The CPAG publication, in particular, laid great emphasis on the inadequacy of the existing scale rates to demonstrate not only great need in Great Britain, but also to argue how cavalier and unjust the Team's notion of rough justice really was. Given the inadequacies of the scale rates, argued CPAG, discretionary payments had to continue to relieve hardship. The Team's focus upon reducing complexity and simplification was really intended for the benefit of the staff and to hold down administration costs. As Bull pointed out, when scale rates fall below changes in prices or when developments outside of the scheme occur (such as rapid increases in fuel costs), then the exceptional needs of some claimants become more and more commonplace. Complexity occurs when the attempt is made to deal with exceptional cases in a uniform way across the whole country. Given the low levels of the rates, it is therefore wishful thinking that discretion and complexity will not be present to a significant degree, unless the scheme were to adopt draconian

measures. One of the principal errors, according to Bull, was the failure of the SBC as well as the Review Team to recognize that a "last resort" income-maintenance program like SB had constantly to readjust to changing circumstances. This would be especially true as long as scale rates remained low. Despite the hopes of the SBC and the Review Team, ways would continue to be found to meet hardship and the failure of the 1966 attempt to reduce discretion would be repeated. Furthermore, if the scheme were really serious about keeping discretion down, SB recipients who could not meet emergency or special needs on the basic income-maintenance grant, would have to turn to the local authorities' social service departments; these would then become the "safety-net" welfare program.

As to the specific recommendations for the ECAs and the ENPs, Bull and the Child Poverty Action Group found themselves in substantial agreement with much of the Review Team. For items that were assumed to be covered by the scale rates, there was agreement that these should not be part of a discretionary payments system, principally for the reasons previously mentioned--in no sense were these items "exceptional" and their growth undermined the principle of entitlement. The idea of the Review Team for periodic lump-sum payments to cover these items received cautious support although there was disagreement on the details. CPAG wanted the payments to be more frequent, to be larger, and to be adjusted for family size (especially for clothing). They noted, for example, that the Review Team's price list, especially for the more expensive clothing items (e.g., winter coats) was very inadequate.

For items that are not supposed to be covered by the scale rates, such as furniture, bedding, and repairs, there was agreement with the Review Team that they should be provided for, but that rights should be spelled out as

much as possible in the regulations or code. These were expenses that any claimant might incur, although infrequently.

Critics agreed also that no matter how much progress was made toward reducing complexity and achieving simplicity, there still had to be "residual" discretion for items that defy codification, and for meeting urgent needs (e.g., fire, flood, lost money). This amount of "officer" discretion had to remain. CPAG also argued that as long as benefits were going to remain essentially unchanged, there ought to be discretion to meet the needs of claimants who could demonstrate that they could get along on the existing levels. Otherwise, the burden of meeting this hardship would fall on the social services departments or the claimants themselves.

There were particular items of disagreement--for example, CPAG opposed the restrictions on ECAs for special diets and laundry expenses, wanted ENPs for those not on SB to be expanded, was opposed to the SBC proposals of a means-tested fuel rebate, and of restrictions on rights of appeal.

The Supplementary Benefits Commission also published a response to the Review Team.⁵³ The SBC was obviously sensitive to the charge that the Review Team was just tinkering with the scheme and that it had defaulted by not considering the adequacy of the scale rates and the wider connections between the means-tested program and other social benefits; after all, it was the SBC, in its seminal 1975 Annual Report, that had called attention to the wider context of the scheme and that was the catalyst for the review. The SBC acknowledged the importance of the wider issues, and in particular, the growing problems of the most important SB claimants--the unemployed and the lone-parent families--but took the position that pressing problems now had to be solved within the confines of the scheme while it continued to work

toward solutions for the longer-term issues. The SBC repeated its persistent claim that, given current economic conditions and the continued growth in the unemployed and lone-parent claimants, the scheme would break down unless reformed.

Before turning to the SB scheme itself, the Commission had two recommendations concerning means-tested benefits outside SBC--housing and fuel benefits. Under present (1979) arrangements, calculating housing costs in SB is a difficult administrative problem; in part this is due to the variety in actual housing costs, but, in large part, it is also due to the existence of other means-tested housing benefit programs, administered by the local housing authorities, that are not only complex, but in which it is difficult to determine the program most beneficial for individual claimants. In its response, the SBC estimated that 400,000 people were currently in the "wrong" program. This confusion had caused serious administrative problems for the SBC, and the Commission strongly urged the adoption of a comprehensive housing benefit administered by the housing authorities.

Meeting fuel costs will no doubt continue to remain a most pressing problem; moreover, it is a problem that affects far more people than SBC claimants. For example, there are more than 300,000 households which are not eligible for SB because the principal breadwinner is in full-time work, but earnings are below the SB level. Moreover, as previously noted, there are also more than 900,000 people (two-thirds of them pensioners) who are estimated to be entitled to SB but who are not claiming it. The Commission renewed its call for a comprehensive fuel benefit. This would be difficult to accomplish, but, in the view of the Commission, unless housing and fuel costs were dealt in a more comprehensive and efficient manner, no radical

improvements could be made with SB since these two items have such an important impact on the SB scheme.

Turning to the SB scheme itself, the Commission reiterated its prior analysis of the major troubles facing the scheme--its enormous size, its baffling complexity, and the growth of discretion. Complexity has been brought about not only by the growing number of SB rules, but also by the proliferation of other specialized social welfare programs.

The effect, according to the SBC, was a system breaking down. Error rates had risen dramatically since 1974 (two-thirds were underpayments); there were increasing delays in reaching decisions and answering correspondence, a disproportionate increase in appeals, and a steady rise in "qualitative complaints"--inadequate information, poor publicity, failure to explain rights, increasing conflicts, and public hostility. These problems varied by office, although they were most severe in the large urban offices which experienced high staff turnover and shortages. The Commission suspected that a considerable part of the breakdown in service might be conscious or subconscious rationing. Moreover, the decline in the service had come in spite of large increases in staff.

The SBC then set out what it considered its basic principles for any reform of the scheme. First, there could be no watering down of the concept of legal entitlements. This meant published rules, clear statements of entitlements where possible, written calculations of benefits, better information, and no diminution of appeal rights. Second, the SBC categorically denied the Review Team's "no cost" approach. In its view "the problems of the supplementary benefits scheme cannot be solved without additional expenditures from public funds."⁵⁴ This was a major point of difference:

although the Commission was mindful about the difficulty of getting increased expenditures, it rejected the idea that there should be any reform which left a significant number of claimants worse off. And, third, the major priority had to be an increase in benefits for families with children and those on the lower, ordinary rates.

With these principles, the SBC came out fairly close to CPAG's view of the specific recommendations of the Review Team with regard to the discretionary payments. It favored the lump-sum approach; however, it was strongly of the opinion that discretionary payments could not be reduced unless the scale rates and a "sufficiently generous" lump-sum payment, made at regular intervals, were made adequate, all rights of appeal were preserved, and there remained residual discretion for local offices to help out families that still could not get along. Concerning the ECAs, the SBC favored its own fuel scheme and wanted to continue special diets, but agreed with the Review Team on the other issues. There was disagreement with the Review Team on some items (e.g., appeals), but more often agreement on most other issues--the legal structure, school leavers, treatment of resources, and reduction of the disparity between the ordinary and long-term rates.

Given the current economic crisis in Great Britain, the government's proposed legislation adopted the Review Team's no-cost approach. Its position was simply stated: "Additional resources are not now available."⁵⁵ The recommended changes would not bring any increases in expenditure or staff costs. According to the Government, all claimants would benefit from stronger legal entitlements, published rules, and a simpler scheme. Substantively, some would lose by the change, and others gain. In benefits, there would be some movement toward closing the gap between the long- and

short-term rates, and the qualifying period for the long-term rate would be reduced from two years to one. The number of scale rates for children would be reduced; the government claimed that there would be an increase in benefits for children under 5 and between 11-12. Rules would also be changed for school leavers, housing costs, treatment of resources, and the differential treatment between men and women. Concerning discretion, the proposed legislation and accompanying White Paper were very brief: discretion for ENPs would be tightened through regulations which would spell out what is assumed to be covered in the scale rates, the additional items for which ENPs could be used, and under what circumstances. Except for natural disasters, there would be no ENPs for nonrecipients, and the allowance for laundry expenses would be raised.

This government proposal is largely procedural. It sets forth the principles of a tighter legal structure and allows for a restructuring of discretionary features. Parliament will set out the basic principles, and the Secretary of State will lay down the detailed rules. All executive functions of the SBC will be removed and that body will be merged into a new Social Security Advisory Committee to give advice on the broad range of income-maintenance programs. But at this time (Summer 1979), it is only a framework, with a few modest substantive changes. In view of economic and social conditions, the basic decisions have been postponed.

CONCLUSIONS

It might seem premature to attempt to draw conclusions when the British have taken only a few tentative steps in reforming Supplementary Benefits,

and many of the welfare programs in the United States are in transition, but the balance between the routinized income-maintenance system and the need for meeting individual circumstances will always be in a state of flux. Prior settlements have proved to be unstable, and theory predicts that this will continue to be the case. The British Review Team hoped that out of the current effort a "new and lasting equilibrium" would be achieved and that previous history would not repeat itself. This is unrealistic. History will repeat, although there may be variations in particular solutions at any given point in time. Now is as good a time as any to try to spell out some of the underlying issues in attempting to meet individual need in a basic, large-scale income-maintenance program, and to suggest certain directions that solutions should take.

In reviewing the recent history in Great Britain (as well as drawing on knowledge of some American experience), the first question that comes to mind is: Just what is the problem with meeting individual need in SB? There seems to be an apparent paradox. In theory, at least, most seem to agree that a bottom-line welfare program, one that deals with the poorest of the poor, ought to be flexible enough to meet individual need.⁵⁶ Even in the best of times, grant levels are always at or near subsistence levels, and from time to time families run into serious difficulties, more or less of an emergency nature. The cash costs of meeting these needs do not seem excessive as noted earlier, ECAs and ENPs both amount to only 6% of the total net cost of SB, and a significant portion of that cost goes to heating for the elderly. Even the additional staff costs represent roughly the same proportion. The "problem" of meeting individual needs does not seem to be money. This cost is not trivial, but it is certainly not in proportion to

the political controversy surrounding special needs. What, then, is the problem?

The discretionary, special needs part of income-maintenance raises most of the perennial value conflicts in welfare policy, conflicts that have been present ever since the first person asked a neighbor for help. The giving of relief calls into question the moral worth of the claimant; it raises the question of whether particular relief policies enhance or discourage social values. At issue are self-reliance, work effort, personal moral conduct, the transmission of values from parents to children, and equity. These are deep-seated concerns, rarely, if ever, below the surface in welfare policy. What to do with the poor, how to reform them, if you will, has plagued public welfare policy for at least 400 years, and the number and variety of methods for dealing with those issues that have been tried--ranging from doing nothing and letting the "undeserving" starve to the forcible removal of the children from the home--has filled volumes of social history.

There are many reasons why so-called solutions have not "worked" at various times. Quite often there is disagreement about the nature of the problem as well as the methods for solving it--for example, views on whether children should remain in the home or be removed have changed radically over time. Quite often programs are ill-conceived, poorly executed or prove too costly; that is the case with many training and employment programs. Or it may be that society, at bottom, is not really very interested in eliminating poverty, but cannot even face up to that decision. Whatever the reasons, it is clear that society continues to be much concerned about the moral issues in the giving of relief.

This concern over the moral issues in welfare separates into two sets of questions. There is the substantive question: What kind of relief should be given, under what kinds of conditions, to further social goals? There is also the administrative question: Who should make the substantive decisions? There is no agreement on the social goals of what to do for (or to) the poor, and relief programs continue to be a source of social and political controversy. Faced with this type of problem, the standard technique of political leaders and policymakers is to delegate the issue, hoping to avoid making the hard choices themselves. Elsewhere I have spelled out the reasons that delegation is the preferred solution--from point of view of the political leaders--and the various delegation techniques that have been used in welfare policy from time to time.⁵⁷ Legislatures, for the most part, are reactive institutions. Most of their time is devoted to the budget and other revenue matters; they generally only deal with other problems when they are forced to, and they especially seek to avoid taking stands on controversial questions. Confrontation of the dilemmas and conflicts in welfare policy is not high on the legislative agenda. Governors and top administrators also prefer not to deal with welfare. From time to time, welfare moves into a crisis stage, and political leaders have to make a response, but if their response is examined carefully, it will be seen that most often there are great rhetorical flourishes, the announcement of "fundamental" changes in legislation and administrative programs, but, in fact, a re-delegation of the issue to lower-level administrative units. A successful delegation, from the point of view of the leadership, is a problem that stays below the surface, that does not rise up and cause more political difficulty.⁵⁸

The consolidated-grant system is a form of delegation. There are many reasons given for the consolidated-grant reform as I noted in the introduction, and by calling attention to this aspect of it, I do not mean to denigrate some of the important, substantive, and humane arguments that have been made. But the fact remains that a consolidated-grant system, at least in its ideal or model form, seeks to avoid many of the moral concerns of welfare by delegating the controversy elsewhere. Let us take an example, the State of Wisconsin.

Historically, Wisconsin was a liberal or generous welfare state; its AFDC program always came reasonably close to meeting full need and it provided, at least on the books, a generous special need program.⁵⁹ In 1976, the state adopted a consolidated-grant system very close to the pure type. Variations are permitted only for family size and by residence in five geographical areas. There is no provision for any special need, including emergency assistance--on the ground, state officials maintain, that the consolidated grant is generous. From their point of view, the present system is ideal.⁶⁰ Wisconsin now ranks very low in terms of administrative costs and error rates; at the same time, the political leaders can claim that they have achieved horizontal equity and that, overall, most welfare recipients in the state are better off. To round out their best of all possible worlds, they do not have any of the political headaches of meeting individual need. The cabinet head of the Wisconsin State Department of Health and Social Services can go to bed at night without having to worry that tomorrow's newspaper will carry a feature story about a welfare recipient who was given money to buy a fancy new refrigerator.

What Wisconsin has done, of course, is to delegate the problems and headaches of meeting individual need to the local level, either to the general relief program or to private charities, or both. The state may choose to wash its hands of the problems of individual need, but in the real world; these problems exist, and by the extreme form of delegation, welfare recipients are thrown back into the worst features of a rationing discretionary system. Preliminary investigations indicate disastrous results. The available resources at the local level are fractionalized, uneven, highly discretionary, and inadequate. Claimants have to spend a great deal of effort shopping for very small amounts of help. A recent study of special needs administration in Maryland confirmed the Wisconsin results.⁶¹ In Maryland, the state welfare agency requires recipients first to exhaust private charities before the state will grant special need requests. Private charities respond, but the amounts given vary and on the average are very small. Anyone familiar with welfare policy and administration knows what it means to force families to beg from local charities for five or ten dollars to tide them over.

The initial campaign of the SBC sounded as though the Commission wanted to move to the Wisconsin system. The SBC, as well as David Donnison in his other writings, drew a hard and fast line between creative justice (individualized treatment) and proportional justice (horizontal equity), argued that there was no middle ground, and that as long as SB was a large, mass income-maintenance program, it had no choice but to choose horizontal equity. Moreover, this position was defended on the grounds of providing greater benefits to more claimants and furthering a system of entitlements. As further justification for this approach, the SBC stressed high administrative

costs and the increasing administrative breakdown of the service (although this cannot be attributed solely to the discretionary payments provisions).⁶² The SBC's approach to what it calls "frontier" problems, that is, relations with other social welfare programs, was to continue to press for more local authority responsibility to meet certain special needs. Finally, Donnison himself dwelt on the welfare backlash among the British public.⁶³ A uniform, consolidated-grant system for SB would solve a great many of the Commission's problems. Although in its latest document the SBC softened its position, the Review Team and the government has stuck pretty much with the original SBC view.

There may be sound reasons for the government's position, but as presented it amounts to an evasion of responsibility; the government is attempting to delegate the tough issues in welfare policy and to wash its hands of the consequences. This has already been happening to some extent. In various parts of the country, SBC offices have been more insistent that SB claimants first seek help at the various local authority offices, with predictable results, namely that, overall, the willingness of the local authority agencies to give help is uneven, that claimants who are supposed to be part of a national welfare system are subject to a great deal of local variation and discretion, and that there are numerous instances of hardship caused either by outright denials or because claimants are caught between conflicting jurisdictions. The empirical evidence concerning local authority programs does not indicate a happy picture for clients.⁶⁴

The government claims that its approach is the only approach consistent with enhancing a system of entitlements and reducing discretion, but by delegating this aspect of claimant needs to the local authorities, the

government will push a substantial number of claimants into another highly discretionary system, and it is likely that more claimants will be subject to more discretionary authority than if the SBC continued to handle discretionary payments.

This analysis does not necessarily lead to the conclusion that the government is wrong in seeking to routinize its system. The government argues, with a good deal of force, that because no government in Great Britain has fulfilled the Beveridge principle of an adequate insurance system with Supplementary Benefit providing only a small safety net, SB has been forced into a mass role, and that role can only be adequately performed on principles of proportional justice. Nevertheless, the result is that the government is proposing a dual system of income maintenance for the British, and that it is abandoning another basic principle of the Beveridge Report, namely, that there be a national system for all welfare recipients. Instead, there will be the basic income-maintenance program handled by the national system but individual need will be handled by a local system. This might be a rational jurisdictional division, but not as presently proposed. If individual needs are to be dealt with at the local level, it is the responsibility of the government to make sure that the local systems maintain certain standards of performance. The intolerable situation is that exemplified by the Wisconsin approach, where the administrators of the consolidated-grant system deny that the need for individualized treatment is a problem.

How, then, should a program of meeting individual needs be structured? The fact that discretionary payments have proved to be such a thorny issue indicates that there are no simple solutions, but certain principles can be articulated and certain goals can be anticipated, if not achieved. The first

thing to recognize is the inherent instability of any system that is promulgated. By definition, a properly functioning discretionary system has to be sensitive to the environment, to changes in the welfare populations and to changes in their social and economic conditions. Two changes in Great Britain, for example, had profound implications for SB--the rise of unemployment and heating costs. It is vain for the Review Team to hope that out of the present reform effort, history will not repeat itself. Rather, it is the sign of a responsive, humane program that history will repeat itself. The task is not to create a rigid, uncompromising system that keeps the lid on the problem, as Wisconsin is trying to do, but rather to recognize that change has to and should occur, and to plan for the orderly incorporation of that change. One of the jobs that a properly functioning discretionary payments program can do is to flag weaknesses in the existing income-support system. Then either the basic system can be changed to meet the emergent need, or changes in other parts of the social welfare system can be sought.

Out of the experience of Great Britain and the United States, one can identify certain underlying themes or problems with a discretionary payments system. From the client's perspective, a clear goal has to be improving access to the system. For a variety of reasons, it is unfair to rely wholly on a client-initiated system. Clients may lack the requisite information--or the ability to make effective use of the information. Agencies, again for a variety of reasons, impose a rationing system, through the denial of information or other means, such as delay, an appointments system, location of offices, or other bureaucratic techniques that satisfy the agencies' needs rather than the clients.

The system also has to be flexible and responsive to the changing characteristics of the clientele or to changes in their needs. The purpose of the program, after all, is to relieve hardship for those least able to weather changes in their environment.

The policymakers have different considerations. They are concerned with equity between claimants. It will be recalled that this was one of the persistent complaints of the SBC field staff; they felt that the present system unfairly benefited, not necessarily those most in need, but those able to work the system. There are also equity issues between those on SB and those who are not, but whose income and resources are fairly close to the poverty line. There is no bright line between those who receive SB and those who do not; and many claimants only receive small SB grants to top off other forms of income (e.g., pensions). It is unfair, in the opinion of the SBC, for those who are on the program to receive grants for such things as washing machines when families in fairly similar circumstances cannot afford them. This is given as one of the reasons for the reluctance to make grants to the unemployed on SB; the officers feel that these claimants are not much different from workers in low-paying jobs.

Policymakers are also interested in the allocation of staff resources and the efficient operation of the income-maintenance part of the system, and have a justifiable concern that the discretionary elements of the program should not absorb an undue amount of staff time and resources. Along similar lines, there is, of course, a strong interest in accuracy as well as efficiency. The more discretionary the system, the greater will be the risk of error on the part of the staff and fraud and misrepresentation on the part of the claimants. Finally, the administration is concerned with

minimizing public criticism of its operation. The greater the discretion and the generosity of the program, the more likely are abuses and mistakes, and the more difficult it will be to justify administrative decisions to the public.

A discretionary system has to strike a balance between these two sets of goals; neither position, in the extreme, makes sense or would be socially tolerable except at high cost. Furthermore, in attempting to strike a balance, that balance will and ought to change over time, for the reasons previously discussed.

In light of these differing and competing issues or principles, various types of special needs can be considered separately. Certain categories of special need arise out of "true" emergencies such as fire, flood, and death. There seems to be little dispute about providing grants for these expenses. The losses are easily verifiable, they are infrequent, they do not involve moral issues. There may be problems of access, that is, whether claimants know that the grants are available, and how to get them. Another issue is whether grants for these purposes should be restricted to SB claimants. This raises, of course, the equity issue between claimants and the near poor, but if this equity issue is a serious concern to the SBC and generates negative public opinion, then from the agency's point of view, it may be worth it to make such grants available to those who are somewhat above the SB eligibility criteria. Great Britain has already gone part way toward meeting this goal by making grants for losses due to fire and flood available to non-SB recipients. There are several important social welfare programs in the United States (e.g., Medicaid, Title XX social services) where eligibility is above both the welfare and the poverty lines.

A second category of special needs are the long-term additions such as special diets, laundry, heating, and similar items. The attempt here should be towards accuracy and routinization; in fact, the SBC has gone a considerable distance in these directions. There is usually no emergency flavor to these requests, and the staff can make sure that verification procedures have been complied with. Independent verification (e.g., doctor's recommendation) may not only improve accuracy, but also help the SBC politically. By routinization, I mean the present practice of providing fixed schedules of benefits, with perhaps some leeway for very unusual cases. Again, I would consider extending these benefits to the near poor, those just above the income-maintenance eligibility criteria.

The other items of special needs are the more troublesome ones, the ones that are supposed to involve "moral hazard." Again, distinctions can be made. One category of special needs involves the replacement of high-cost household items such as furniture, bedding, major appliances, and clothing. Clothing, it will be recalled, was a significant source of ENPs. The preferred solution here, it seems, is the SBC proposal to provide a periodic lump sum with client drawing rights if emergencies arise before the lump sum is due, and with the balance of the lump sum paid if the claimant leaves the welfare rolls before the lump sum is exhausted. Most advocacy groups favor this general idea, although they worry about the amounts, and whether the lump sums will be used as an excuse to keep down the scale rates, and about its effects on other reform proposals that they favor. But there seems to be general agreement that there has to be more regulation in this area.

So far, the emphasis has been on producing more detailed regulation for the replacement of items not normally within the scale rates. In addition

to defining the circumstances under which grants may be given (e.g., specifying standard clothing and furnishing stocks), there are also procedures for the submitting of cost estimates, sometimes requirements for the purchase of second-hand items or clothing from particular stores. The lump-sum proposal may eliminate the necessity for much of this detailed regulation. As long as claimants stay within the amount that is due, it can be their choice whether to buy extra furnishings or clothing; there will then be incentives to buy more cheaply and use the savings for personal discretionary items.

What happens if a claimant draws out the lump-sum payment and then still needs extra money? We will consider this problem with the next category of special needs, which constitute the most troublesome case of all--where the claimant, for whatever reason, overspends the basic grant and requests "exceptional" need payments for basic items that are covered by the scale rates, namely, food, utilities, or rent. The SBC refers to these as "double payment" cases; others call them hardship cases. The requests are usually presented as an emergency--the family is facing a utility cut-off or eviction, or is without food or clothing. These are the most difficult cases for the SBC; despite continual efforts to tighten up administration, the costs of these discretionary payments have been rising, and even advocates for the poor concede that the granting of these requests can in no sense be regarded as "exceptional" within the basic legislation.

No one seems to know what to do about the hardship cases. The Review Team concentrated on restricting discretion in other areas, but could only recommend that for this group, special social services be required. The Child Poverty Action Group argues that at least part of the reason for this

problem is the low level of the scale rates, that people cannot get along on the basic income-maintenance grant.⁶⁵ This is no doubt true, but the converse does not follow: higher rates will not eliminate the problem of people who still cannot get along on the basic grant. Wisconsin, for example, is a relatively generous welfare state, and special needs still exist. In fact, one could plausibly hypothesize that the more generous the jurisdiction, the higher the demand there will be for special needs.

The offered solutions are loans rather than grants, more vendor or third-party payments, tighter restrictions, and, as mentioned, social services. All of this may help and it may be, as the Review Team hopes, that with discretion in other areas reduced, more resources could be put into these cases. Experience elsewhere has been mixed. For example, local authority social service departments may make discretionary grants of money for "exceptional circumstances." Hill and Laing report that several jurisdictions make loans instead of outright grants.⁶⁶ Since a great many of these grantees are also on SB, it would be worth examining the circumstances under which loans are made and repaid.⁶⁷ If the SB makes the loan, it can usually always get its money back through deductions.

A final category of special needs is what David Bull calls the "way out" needs. On occasion, a claimant will need some help for something that really is unusual and that will be of great benefit, perhaps even extricating the claimant from the welfare rolls altogether. The case that he cites is that of an unemployed SB claimant who needed money to requalify for a heavy vehicle driver's license. Bull claims that the SBC, by attempting to control the moral hazard cases, has taken too wholesale an approach and has tightened up too much on the "way out" needs. He argues that there ought to

be room for this kind of flexibility, and that to deny discretion here would not only be inhumane, but also cost-inefficient--that is, the claimant would cost the SBC far more by remaining on the welfare rolls.

Bull's suggestion could be handled by segregated funding. That is, there could be separate discretionary funds in the agency to handle situations which defy advance rule-making. These are usually not emergency situations, and careful records could be kept, with periodic review.

The problem with Bull's suggestion, though, is that it does raise significant issues of horizontal equity between SBC claimants and the near poor. Why should the SBC pay for Bull's client's license but not for that of another driver who is not on relief? Problems raised by this form of rehabilitative generosity are not uncommon. In the United States, under the AFDC Work Incentive programs, at least in the early days, welfare recipients (who were lucky) could get into good work and training programs and learn useful skills; others, not on welfare but not too dissimilar, were ineligible for these programs. Distinctions, of course, can be made. In the United States, the woman ineligible for the training program was a member of an intact family with a working (low-paid) husband, whereas the eligible woman was a single parent. From the public's point of view, however, the intact family views itself as being put at a disadvantage for staying together and working. Right or wrong, this public view of horizontal equity is a sore point, and serves to restrict the growth of rehabilitative programs that are categorical to welfare recipients. It may be that here, too, SBC benefits for "way out" needs should not be restricted to those who only qualify for SB.

One of the advantages of treating categories of special needs and emergencies separately is that different approaches can be taken to the instructions or rules that go to the field-level officers. The problems of getting field-level compliance with bureaucratic rules are not well understood, although obviously, they constitute a key issue. For example, the SBC line officers complained that they lacked guidance from the central office and wanted clearer rules; on the other hand, in the one area where they had clear rules--heating--they tended to ignore the rules. This may not necessarily be contradictory behavior. It may be that the rules on heating grants were overcomplex, or too difficult, or inappropriate for most situations; and it may be that more guidance, in the form of rules, or less complex guidance, is needed for other situations. One of the advantages of the proposals put forth by the SBC and the Review Team is that different approaches can be taken. For example, the lump-sum proposal may eliminate the need for complex, detailed rules governing the "double payment" or hardship cases if most claimants can get along by drawing against their accounts. For those still in difficulty, it may be that only general guidelines and discretionary social services will suffice. Long-term additions, on the other hand, may be more amenable to more detail, and since these usually are not in emergency situations, there is time for verification and the implementation of rules. Currently we lack knowledge about the way rules operate in complex organizations, and one can only speculate as to which form of rules will influence behavior, and in what ways. Experimentation and monitoring will be necessary.

Heating provides a useful example for experimentation. Many of the elderly suffer from insufficient heat and can get extra heating grants for

the asking, but for a variety of reasons, the elderly are not capable of utilizing the system. The situation calls for some kind of uniform addition to the grant or another kind of system which is not initiated by the client. Utility arrears are another serious issue. Part of the problem stems from the billing practices of the fuel boards and part from claimant errors in calculation or inability to budget. At the same time, the SBC field-staff objects to the continued rise in vendor payments and the additional paperwork involved. If all SBC recipients were put on centralized fuel board billing, with the SBC making quarterly payments on the basis of computerized lists submitted by the boards, there would be over- and under-payments, as claimants went on and off the rolls during the billing period, but there might be substantial savings since this arrangement would eliminate the need for individual billings by the boards. SBC staff paperwork would be greatly reduced since the office would make only one large payment to the fuel board each quarter.

The British, though, worry about welfare recipients consuming too much heat; being warm in Great Britain is the moral equivalent of drinking too much, or engaging in other kinds of pleasures that welfare recipients are not supposed to do at the taxpayer's expense. My guess is that this kind of problem is in the negative-publicity, "horror" story category; that is, it doesn't happen very often, but political leaders and top administrators worry about it and fear the adverse publicity.⁶⁸ The SBC would have to develop mechanisms to deal with this problem. When a claimant goes on the rolls, estimates of heating requirements can be made; these can be randomly checked on the basis of the printouts submitted by the fuel boards. If heating costs suddenly rise for a particular family, then the SBC can

investigate and make a decision. Errors can be uncovered or, if necessary, deductions can be made from the grant to cover the extra cost. The crucial difference is that the SBC would set the terms, and not the fuel boards. Under the present arrangement, arrears build up, the fuel boards threaten a cut-off and demand large weekly deductions to guarantee their payments. Under the proposed scheme, the small number out of so many claimants who would exceed the SBC estimate for any one quarter would not justify the fuel boards' exercising such power. Instead, the boards would negotiate with the SBC for additional payments for particular quarters and the SBC would be alerted to the extra use.

This proposal solves some but not all of the heating problems. A great many of the arrears problems may simply be due to the difficulty of budgeting for SB families; they get their grants weekly but the fuel bills quarterly, and vendor payments are becoming increasingly popular. With direct SBC payments to the fuel boards, all would be in the vendor payment situation. Under the present system, the SB field staff, the SBC, and the Review Team objected to the growing use of the vendor payment system because of the inordinate amount of paperwork. Under the proposed system, this objection would drop out; the paperwork would not increase much, if at all.

Emergency cut-offs would be eliminated, as well as most other frontier problems with the fuel boards, who would not be able to coerce the SBC and the claimants into accepting harsh bargains about the amount and rate of repayment of the debt. Instead, the SBC would have control over the claimant's budget, and it could decide what kinds of deductions should be made in terms of its own goals rather than those of the fuel boards.

Other problems, however, would remain. Direct fuel board billing, by itself, would not help the elderly; here, the problem is the client-initiated system. Perhaps administrative savings could allow an across-the-board increase for this group, but this is unknown. The computer printout could flag underutilization if the cost per household dropped, but would not catch the situation where the cost remained the same but the need increased due to frailty, illness, or changed structural conditions.

The direct billing system also, by itself, would not do anything to prevent overutilization. In fact, there would be no built-in incentives to conserve fuel as there is under the present system. But would the SBC be worse off than it is now with heating grants? This depends on how many ENPs are caused by poor budgeting practices and how strong present incentives are for claimants to conserve. The computers can easily flag increases in utilization rates, and the SBC still has the authority to make deductions if it so chooses.

The proposal for direct billing for heating is only a modest step. It may solve some problems; it won't solve all of them, and it may very well raise new ones. But this is true for most of the other proposals that have been suggested. There are no grand, simple solutions for balancing the need for individualized treatment with the equity and administrative demands of a large income-maintenance system. The lives and needs of the claimants are complex and varied and shift over the course of time. This will be true of any safety-net welfare system, whether change and flexibility are built into the national system, or delegated to local public or private agencies.

NOTES

¹The conflict between discretion and legal rights is an important feature of the debate now going on in Great Britain. For a more complete analysis, see Joel F. Handler, Protecting the Social Service Client: Legal and Structural Controls on Administrative Discretion (New York: Academic Press, 1979).

²The attack grew out of the legal rights movement which, in turn, had its origins in the civil rights movement and the War on Poverty (see Joel F. Handler, E. J. Hollingsworth, and Howard S. Erlanger, Lawyers and the Pursuit of Legal Rights, New York: Academic Press, 1978). There is a large literature on the separation of social services from income maintenance. For a recent empirical examination, see T. MacDonald and I. Piliavin, "The Effects of Separation of Services and Income Maintenance on AFDC Recipients," IRP Discussion Paper #528-78.

³There are numerous accounts of the administrative mess of the AFDC program. See, e.g., Report of the Subcommittee on Fiscal Policy, Joint Economic Committee, Studies in Public Welfare, Welfare--An Administrative Nightmare (Washington, D.C., U.S. Government Printing Office, 1973), p. 1.

For a description of the Wisconsin special needs program prior to the flat-grant change, see Joel F. Handler and E. J. Hollingsworth, The "Deserving Poor": A Study of Welfare Administration (New York: Academic Press, 1971), ch. 4.

⁴For recent British social welfare history, see John Mays et al., eds., Penelope Hall's Social Services of England and Wales, rev'd ed. (London: Routledge & Kegan Paul, 1975); T. H. Marshall, Social Policy (London: Hutchinson, 1965); Leslie McClements, The Economics of Social Security (London: Heinemann, 1978).

⁵The figures that follow come from McClements, Social Security, p.29.

⁶In addition to the basic pensions, there are many other benefits provided under National Insurance such as widow's benefits, guardian's allowances, and special allowances for children.

On the relationship between pensions and the SB scale rates see J. C. Kincaid, Poverty and Equality in Britain: A Study of Social Security and Taxation, rev'd ed. (Penguin Books, 1975), p. 14, 115, 146-52; A. B. Atkinson, Poverty in Britain and the Reform of Social Security (Cambridge: Cambridge University Press, 1970), chs. 3, 7.

⁷In addition to McClements, the description of the SB is based on the Supplementary Benefits Commission, Annual Report, 1975, 1976, 1977, 1978 (London: HMSO), Cmnd. 6615, 6910, 7392, 7725, Dept. of Health and Social Security, and "Social Assistance: A Review of the Supplementary Benefits Scheme in Great Britain, mimeo., 1978 (hereinafter cited as "Social Assistance").

⁸"Social Assistance," p. 13.

⁹SBC, Annual Report, 1978, p. 96.

¹⁰Ibid., p. 16; "Social Assistance," p. 15. See also Adrian Sinfield, "Supplementary Benefits and the Unemployed," unpub. paper delivered at the Fabian Seminar: Reform of Supplementary Benefits, 22 Oct. 1977.

¹¹This is the conclusion reached by the recent Government Review Team ("Social Assistance," p. 19), as well as almost every other commentator in Great Britain, including the present Conservative Government. Department of Health & Social Security, Reform of the Supplementary Benefits Scheme (London: HMSO, 1979), Cmnd. 7773.

¹²SBC, Annual Report, 1976, p. 35.

¹³"Social Assistance," p. 16.

¹⁴Ibid., p. 51. See also Kincaid, Poverty and Equality in Britain, p. 19; Atkinson, Poverty in Britain, pp. 18-19; Atkinson, The Economics of Inequality: (London: Oxford University Press, 1975); Lister, The No-Cost No-Benefit Review, Child Poverty Action Group Poverty Pamphlet 39 (London: CPAG, 1979).

¹⁵"Social Assistance," p. 71.

¹⁶SBC, Annual Report, 1976, p. 94.

¹⁷See M. Penelope Hall, The Social Services of Modern England (London: Routledge & Kegan Paul, 1965), p. 54.

¹⁸SBC, Annual Report, 1976, p. 89.

¹⁹Although the emphasis in this paper is on the discretionary authority to grant benefits, SBC also has discretionary authority to reduce or withhold benefits. See Supplementary Benefits Commission, "Review of Supplementary Benefits, Discretionary Power to Reduce or Withhold Benefits," file no. RSB (77) 36, mimeo, undated.

²⁰Social Assistance, p. 72.

²¹SBC Document, file no. RSB (77) (12) 111, c. 1.

²²For a discussion of heating costs and ECAs, see Marigold Johnson and Mark Rowland, Full Debts and the Poor, Child Poverty Action Group Poverty Pamphlet 24, (London: CPAG, 1976), p. 2; see also Merseyside Child Poverty Action Group, "Cut off and Cold: A Survey of 130 Families whose Fuel was Disconnected in the Winter of 1975/76" (Liverpool: Merseyside CPAG), mimeo, undated; Sheila A. Pawsey, "Fuel . . . or Food," (London: British Association of Settlements), mimeo, 1977; "Supply and Demand: The Policies of the National Right to Fuel Campaign" (London: British Association of Settlements), mimeo, 1977.

²³David Donnison, "Review of the SB Scheme," Social Work Today, 10, 4 (1978), 12-14.

²⁴Supplementary Benefits Commission, "Review of Supplementary Benefits." Families with children appear to have the hardest time managing on the basic scale rates; see Ruth Lister, "Budgeting for Children," New Society, 42, 791 (1977), 467.

²⁵SBC, Annual Report, 1976, p. 105.

²⁶Paper No. 4, Review of SB, Seminar at School of Advanced Urban Studies, Bristol, 28-30 September 1976: "Discretionary Payments in the Supplementary Benefits Scheme," III, C.

²⁷Supplementary Benefits Commission, "The Commission's Inspectorate Report of an Enquiry Into the Use of Discretion," Memorandum 974, mimeo, 2 December 1977.

²⁸Ibid., pp. 16, 126.

²⁹Ibid., p. 25.

³⁰Staff feelings are apparently communicated. The unemployed feel the hostile atmosphere. See Michael Hill, "Policies Towards the Unemployed," Social Work Today, 6, 13 (1975), 390-391, reproduced in David Bull, ed., Dear David Donnison (Birmingham: British Association of Social Workers, 1976). On the other hand, Donnison thinks that the unemployed probably have a more difficult time in demonstrating "exceptional" needs since they differ little from others in low-paid work. The elderly are frail or live in hard-to-heat houses. The sick, disabled, and lone parents usually have all sorts of exceptional needs. See David Donnison, "Against Discretion," New Society, 42 (1977), 215.

³¹"Inspectorate Report," p. 14.

³²Ibid., p. 15.

³³Ibid., p. 32.

³⁴There are many accounts of how SBC discretion is exercised. See: Olive Stevenson, Claimant or Client? A Social Worker's View of the Supplementary Benefits Commission (London: Allen & Unwin, 1973); the numerous publications of the Child Poverty Action Group; David Bull, "Supplementary Benefits: Rationing Against the 'Undeserving Poor,'" Royal Society of Health Journal, August 1975, pp. 201-205; Ruth Lister and Hilary Carroll, "For Your Client's Benefit: Tipping the Scales," Social Work Today, 8, 9 (1976), p. 16; Jo Tunnard, "For Your Client's Benefit: Policy and Practice at Your Local Social Security Office," Social Work Today, 7, 13 (1976), 362; David Bull, "Exceptional Needs Payments: A Guide for Advocates (with Special Reference to Clothing, Bedding, and Household Equipment)" (mimeo, undated).

³⁵Ruth Lister, Social Security: The Case for Reform, Child Poverty Action Group, Poverty Pamphlet 22 (London: CPAG, 1975).

³⁶Administrative breakdowns take a variety of forms. For an analysis of the difficulty that the SBC has in responding to late payments and the ensuing hardship, see Laurie Elks, "Tomorrow Never Comes," from "Welfare In Action: A Child Poverty Action Group Report" (London: CPAG), mimeo, 1977; Kincaid, Poverty and Equality in Britain, pp. 33-42.

³⁷Administrative costs are considered to be a serious problem. Donnison, "Review of the SB Scheme," gave the following breakdown per type of case: £36 for the average pensioner's claim; £80 for the sick and disabled; £120 for the unemployed; and £134 for the one-parent families, and noted that the most expensive cases are the ones that are growing.

³⁸For further analysis of "frontier" problems, see Ruth Lister, "The Frontier Problems That Won't Go Away," Social Work Today, 8, 31 (1977), 8-11; Supplementary Benefits Commission, Notes and News, December 1977.

³⁹On the conflict between a system of rights and entitlements and discretion, see Stevenson, Claimant or Client?, p. 26.

⁴⁰As a result of the SBC position, there is now a lively debate in Great Britain on the meaning of and trade-off between proportional and creative justice. For a discussion of the distinction, see Stevenson, Claimant or Client?, p. 25. See Donnison, "Against Discretion," Bill Jordan, "Against Donnison," New Society, 42, 784 (1977), 69-70; the volume edited by David Bull (Dear David Donnison); and David Bull, "Free Speech: 1976 Fashion," Social Work Today, 8, 30, (1977), 7-10, "Dear David Donnison," Social Work Today, 8, 30 (1977), and "Open Government and the Review of Supplementary Benefits," in Muriel Brown and Sally Baldwin, eds., The Year Book of Social Policy in Britain, 1978 (London: Routledge and Kegan Paul, 1980), pp. 22-56.

⁴¹The evidence was published by CPAG as Poverty Pamphlet 31--Ruth Lister, Patching Up the Safety Net? (London: CPAG, 1977).

⁴²In a recent study of a sample of 101 SBC pensioners it was found that 35 had no knowledge of the availability of ENPs and 80 lacked sufficient knowledge to make an application despite the fact that a few months before the study the sample was part of a group that had been given a great deal of information about the availability of discretionary grants "in face-to-face contact." Most members (71) of the sample qualified for grants--that is, they were in need. Thirty-seven made applications, and 34 were granted. Others who were denied could have prevailed on appeal, but refused to take

an appeal.

The researchers concluded that the elderly lack knowledge about discretionary grants and that merely giving them the information is almost useless. For this small group, one social worker was employed almost full time for 3 months; there were 37 visits by SBC officers, plus innumerable telephone calls, and clerical back-up in order to make the group aware of the program and be willing to make a claim. This kind of effort would have to be redone every six months. (Moreover, as noted earlier, the SBC officers are most sympathetic to the elderly.) See Brian Gearing and Geoffrey Sharp, Exceptional Needs Payments and the Elderly, The Home Office and City of Coventry Community Development Project, in association with the Institute of Local Government Studies, CDP Occasional Paper No. 10, September 1973.

See also David Donnison, "Helping Pensioners to Keep Warm," British Medical Journal, No. 6060 (26 Feb. 1977), 565-566, for problems in getting ENPs and ECAs to the elderly for heating.

⁴³Patching Up the Safety Net?, p. 12.

⁴⁴See Marigold Johnson and Mark Rowland, Fuel Debts and the Poor, Child Poverty Action Group Poverty Pamphlet No. 24 (London: CPAG, 1976), p. 2. The SBC will enter into these arrangements if hardship would otherwise result, the bill cannot be paid from any other available source, and no earning nondependent could be expected to help pay the bill. (This is an example of the moral discretionary decisions that the SBC wants to eliminate.) This kind of arrangement is not available to help short-term claimants or those who only receive a small amount of SB to top an inadequate pension or insurance benefit.

⁴⁵For conflicts between local authorities and the SBC concerning clothing grants for school children and the resulting hardship, see Jo Tunnard, "Battle Royal, Another Look at School Clothing and Maintenance Grants," from "Welfare in Action: A Child Poverty Action Group Report"; see also Ruth Lister, "Holes in the Safety Net," New Society, 43 (1978), 312-314.

⁴⁶See, e.g., Bull, "Supplementary Benefits"; Lister and Carroll, "Tipping the Scales"; Tunnard, "Policy and Practice at Your Local Social Security Office."

⁴⁷Jordan, "Against Donnison"; David Donnison, "Dear Bill Jordan," New Society, 45, 828 (1978), 629.

⁴⁸This is the report cited throughout as "Social Assistance."

⁴⁹The Review Committee favored a far more extensive use of administrative codes. For an analysis of the differences between a code and a regulation, and an argument in favor of the latter on the grounds that it strengthened claimant entitlements, see Jennifer Levin, "Supplementary Benefit: A New Legal Structure?" Legal Action Bulletin, Sept. 1978, pp. 202-205.

⁵⁰"Social Assistance," p. 80.

⁵¹Ibid., p. 85.

⁵²See, for example, the series of short statements by Bill Jordan, "Dear Claimant," New Society, 45, 828 (17, 24, and 31 August, 7 and 14 September, 1978); Groff Finnister, "Dear Claimant," New Society, 46, 835 (5 Oct. 1978); Jonathan Bradshaw, "The Supplementary Benefits Review," Social Work Today, 9, 45 (1978), 7; David Bull, "Diminishing Discretion," Social Work Today, 9, 45 (1978), 14-18.

⁵³Supplementary Benefits Commission, "Response of the Supplementary Benefits Commission to 'Social Assistance: A Review of the Supplementary Benefits Scheme in Great Britain,'" Department of Health and Social Security SBA Paper 9, (London: London, 1979).

⁵⁴Ibid., p. 36.

⁵⁵Department of Health and Social Security, Reform of the Supplementary Benefits Scheme (London: HMSO, 1979), Cmnd. 7773.

⁵⁶Stevenson, Claimant or Client?: "a means tested scheme, that is, in effect, a safety net into which people fall when other forms of benefit are not available or have been exhausted, must be flexible or it is a contradiction in terms" (p. 26). The Review Committee also agrees that there has to be a core of residual discretion to meet unforeseen circumstances. See also Jordan, "Against Donnison"; Bull, "Open Government and the Review of Supplementary Benefits," pp. 64, 69.

⁵⁷See Joel F. Handler, Reforming the Poor: Welfare Policy, Federalism and Morality (New York: Basic Books, 1971), ch. 7.

⁵⁸See Lawrence M. Friedman, "Social Welfare Legislation: An Introduction," Stanford Law Review, 21 (1969), 217.

⁵⁹Of course, there was great disparity between the special needs provisions in theory and the administrative practice. See Handler and Hollingsworth, The "Deserving Poor."

⁶⁰Emergency assistance and special needs are being studied in Wisconsin and throughout the United States by Joel Handler and Michael Sosin at the Institute for Research on Poverty, University of Wisconsin--Madison, under a grant from the Social Security Administration. The text describing the Wisconsin situation is based on preliminary research.

⁶¹Stanley Wenocur, "An Exploration of the Tertiary Welfare Sector in Baltimore," University of Maryland, School of Social Work and Community Planning, mimeo., June 1977.

⁶²For a description of the poorly functioning SBC offices, see Kincaid, Poverty and Equality in Britain, pp. 33-42.

⁶³The SBC has become very sensitive to negative public attitudes, which have become a persistent theme in David Donnison's writings. See his "Call to Reshape Benefits Scheme," in "BASW Conference: Who Needs Social Workers?" Social Work Today, 9, 4 (1977), 7.

⁶⁴See Lister, "The Frontier Problems That Won't Go Away." For an earlier account of local authority discretion in granting money for "exceptional circumstances," see Joel F. Handler, The Coercive Social Worker: British Lessons for American Social Services (Chicago: Rand McNally, 1973).

⁶⁵See, e.g., Lister, "The Frontier Problems That Won't Go Away."

⁶⁶Michael Hill and Peter Laing, Money Payments, Social Work and Supplementary Benefits: A Study of Section One of the 1963 Children and Young Persons Act School for Advanced Urban Studies Occasional Paper Number 1 (Bristol: University of Bristol, 1978), pp. 22-23.

⁶⁷Ibid., pp. 23. The authors point out many reasons that social service agencies may have a low repayment rate that would not necessarily apply to an income-maintenance agency. Two important reasons are the antipathy of social workers to engaging in this activity, and the fear that loans would make a social work relationship more difficult.

⁶⁸They also worry about the opposite horror story, which also happens-- people do freeze to death in Britain.